FINANCIAL REPORT 2024

of the Savings Banks Finance Group

Finanzgruppe
Deutscher Sparkassen-
und Giroverband

Selected key figures of the Savings Banks Finance Group*

Selected balance sheet items

	Portfolio at the end of 2024 in EUR billion	Portfolio at the end of 2023 in EUR billion	Change in %
Loans and advances to banks (MFIs[1])	**430.2**	425.0	+1.2
Loans and advances to non-banks (non-MFIs)	**1,496.0**	1,478.6	+1.2
Liabilities to banks (MFIs)	**342.1**	370.2	−7.6
Liabilities to non-banks (non-MFIs)	**1,562.9**	1,515.2	+3.1
Equity capital	**198.0**	187.6	+5.6
Balance sheet total	**2,536.9**	2,492.8	+1.8
Core capital ratio in accordance with CRR[2] (in %; change in % points)	**16.8**	16.0	+0.8

Selected income statement items[3]

	2024[4] in EUR billion	2023 in EUR billion	Change in %
Net interest income	**38.78**	37.14	+4.4
Net commission income	**12.26**	11.58	+5.9
Net result from financial transactions	**1.01**	1.07	−6.2
Administrative expenses	**30.35**	29.36	+3.4
Operating result before valuation	**23.53**	22.12	+6.4
Operating result after valuation	**18.63**	18.15	+2.7
Net income before taxes	**10.01**	9.60	+4.2
Income taxes	**5.22**	5.33	−2.1
Net income after taxes	**4.78**	4.26	+12.2
of which net income of Savings Banks after taxes	**2.55**	2.53	+0.6
of which net income of Landesbanken after taxes	**2.15**	1.63	+31.9
of which net income of Landesbausparkassen after taxes	**0.08**	0.10	−16.4

* Savings Banks Finance Group: 1. Savings Banks, 2. Landesbanken excluding foreign branches, excluding domestic and foreign Group subsidiaries, excluding LBS, 3. Landesbausparkassen (legally independent LBS and legally dependent divisions of the Landesbanken).
[1] Monetary Financial Institutions.
[2] Capital Requirements Regulation (Capital Adequacy Directive).
[3] Allocations to the fund for general banking risks in accordance with Section 340g of the German Commercial Code (HGB) are taken into account here as expenses reducing the net income for the year, as in the "original" income statement in accordance with the HGB; In the DSGV financial reports up to 2010, these "Section 340g allocations" were treated as profit appropriation increasing the annual result in line with the income statement statistics of the Deutsche Bundesbank.
[4] Preliminary figures from partly unaudited annual financial statements in accordance with the German Commercial Code (HGB); rounding differences are possible.

The Savings Banks Finance Group

The Savings Banks Finance Group is Germany's largest group of credit institutions. Its great strength lies in the Savings Banks' locally anchored business model and the close cooperation of its 490 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.

Proximity and responsibility

Savings Banks are generally institutions under public law with municipalities as their responsible public bodies. In accordance with the regional principle, they concentrate their presence and business activities in the area of their responsible public bodies. They are independent, managed locally and are committed to growth from their own resources. In order to maintain this, Savings Banks must operate sustainably and ensure long-term economic balance. For this reason, the profits generated by Savings Banks are used exclusively for the purpose of strengthening their equity capital and developing their home region.

Branches

14,560[1]

14,520[2]

Employees

287,400[1,3]

280,500[2,3]

Trainees[4]

16,700

Strong within the Group

The local anchoring of the Savings Banks within the financial group is complemented by cooperation throughout the association. This enables the institutions to specialise in a division of labour, thereby strengthening the performance of them all. The association 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 and responsibly in close proximity to their customers.

Market presence

Savings Banks Finance Group

Companies[5]
490

Branches[6]
14,560[1]
14,520[2]

Employees[7]
287,400[1,3]
280,500[2,3]

Business volume[8]
EUR 3,420 billion[1]
EUR 3,290 billion[2]

Savings Banks*

348

Total assets .... EUR 1,539 billion
Branches 10,593
Employees 193,584

Landesbank groups

(LBBW, BayernLB, Helaba, NORD/LB, SaarLB) + LB Berlin/Berliner Sparkasse

Total assets .... EUR 973 billion
Employees 31,639

DekaBank

German clearing house

Assets under management
EUR 416 billion

Employees
5,797

Landesbausparkassen (LBS)

5

Total assets .... EUR 75.0 billion
Employees 6,187

Deutsche Leasing group[9]

Total assets .... EUR 24.7 billion
New business volume .... EUR 10.3 billion
Assets under management .... EUR 43.5 billion
Employees 3,107

Public direct insurer groups

8

Gross premium income .... EUR 23.4 billion
Employees 30,900

Capital investment companies

46

Total volume .... EUR 1.6 billion
Employees 205

S-Kreditpartner

Customer loan portfolio .... EUR 11.4 billion
Employees 747

S-Internationals

10

Participating Savings Banks ... 144
Total assets of participating SBs .. EUR 775.1 billion
Turnover .... EUR 97.3 million
Employees 480

Factoring companies

3

Annual turnover ... EUR 46.5 billion
Employees 511

LBS real estate companies

7

Brokered property volume .... EUR 7.5 billion
Employees 578

Other leasing companies

New business volume .... EUR 3.0 billion
Employees 709

DSV group Deutscher Sparkassenverlag

Turnover .... EUR 0.9 billion
Employees 2,764

Finanz Informatik

Employees
5,628

SIZ

Employees
437

SPARKASSEN RATING UND RISIKOSYSTEME

Employees
417

[1] Including foreign branches and domestic and foreign subsidiaries of the Landesbanken.
[2] Excluding foreign branches and domestic and foreign subsidiaries of the Landesbanken.
[3] Including 3,649 employees of the associations, their organisations and other institutions.
[4] The Savings Banks Finance Group.
[5] Including associations and other institutions; figures rounded.
[6] Branches/advisory centres.
[7] Internal employees / external employees excluding part-time employees; figures rounded.
[8] Business volume here = balance sheet total / portfolio volume / total assets / investment volume; figures rounded.
[9] As at 30 September 2024.

* As at 31 December 2024; as at 15 June 2025: 343 Savings Banks.

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PROFESSOR ULRICH REUTER
President of the German Savings Banks Association

“Savings Banks recorded more than 11,000 new hires in 2024 – a net increase of 2,500 jobs. And this is at a time when others are cutting jobs.”

Berlin, July 2025

Ladies and Gentlemen,

The past year once again presented Germany with major challenges – economically, socially and geopolitically. At a time that is often described as a turning point, it is all the more important to build on those elements that ensure stability, provide guidance and invest in the future. In 2024, the institutions of the Savings Banks Finance Group again proved that they are such a reliable force – firmly rooted in their regions, economically strong and committed to the common good.

With pre-tax earnings of around 10 billion euros, our banking group once again demonstrated its economic strength and performance in the course of the year. This positive development is not a foregone conclusion – it is the result of forward-looking management, responsible business policies and the trust of our customers.

Especially in uncertain times, it is important not only to present solid balance sheet figures, but also to make a concrete contribution to the economic future of our country. With a volume of 143 billion euros in new loan commitments – an increase of 10.7 percent over the previous year – the Savings Banks remain a driving force for investment and innovation. Our customers want to invest in their future – we provide them with the necessary support.

Despite the ongoing slump in construction, we have succeeded in providing new impetus for private residential construction: with 45.5 billion euros in new loan commitments – a remarkable increase of around 25 percent – the Savings Banks are making a major contribution to overcoming the housing shortage. With the right political framework conditions, we can continue this positive trend.

MORE ABOUT THE COMMITMENT OF THE SAVINGS BANKS FINANCE GROUP
Pages 16–33

The Savings Banks’ new lending business also grew by 4.4 percent for companies and the self-employed. However, the economy’s willingness to invest remains too low overall. Smart initiatives from politicians and society are needed to keep Germany competitive as a business location in the long term.

Trust is also reflected in the development of customer deposits at the Savings Banks: in 2024, they rose by around 3 percent to 1,182 billion euros – a clear sign of stability. We repay this trust with reliability, integrity and responsible advice.

It is also a particular concern of our institutions to help shape the future of the world of work. Overall, the Savings Banks recorded more than 11,000 new hires in 2024 – an increase of 12.1 percent compared with the previous year. This is a strong indicator of the job security and attractiveness of our Group.

Savings Banks are present wherever they are needed – not only in large cities and metropolitan areas, but also in rural regions. With tailor-made financing models and individual advice, we are reliable partners – for people, for companies and for municipalities. In this way, we secure the foundations for economic success and social cohesion on a daily basis.

Challenging times reveal what really matters. The strength of the Savings Banks Finance Group lies in its proximity to its customers, its support for the real economy, its focus on the future and its deep sense of responsibility for society as a whole.

535
million euros
spent on social commitments

over **200** years
close to our customers

54.6 million
customer cards

52.4 million*
current accounts

19,700
cash machines

25.8
million
savings accounts

490
member institutions

5.2
billion euros
in taxes on income and earnings paid by the Savings Banks, Landesbanken and Landesbausparkassen

* Total current accounts including other overnight deposits.

2. OVERVIEW OF THE SAVINGS BANKS FINANCE GROUP

The Savings Banks Finance Group is Germany's leading banking group. Its particular strength lies in the locally anchored business model of the Savings Banks and the cooperation of its 490 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 business areas 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 the Group flexible, efficient and effective.

The Savings Banks Finance Group comprises:
- Savings Banks,
- Landesbanken and DekaBank,
- Landesbausparkassen,
- 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 348 [1] independent Savings Banks form the core of the Group.

As universal credit institutions, the Savings Banks carry out all standard banking business and provide financial services and personalised advice to around 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.

[1] As at 31 December 2024; 343 Savings Banks as at 15 June 2025.

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 continuous 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.

The Savings Banks' total customer lending business grew by EUR 10.5 billion to EUR 1,030.9 billion in 2024. In new customer lending, the Savings Banks again approved more loans than in the previous year; at EUR 143.4 billion, the figure for 2023 was exceeded by + 10.7%.

In new corporate lending, the Savings Banks committed EUR 80.2 billion to companies and the self-employed despite difficult macroeconomic conditions; this is EUR 3.4 billion more than in the previous year (+ 4.4%).

The Savings Banks recorded strong growth in new lending to private individuals, mainly attributable to private residential property financing. Savings Banks committed a total of EUR 52.3 billion in new loans, EUR 9.3 billion or 21.8% more than in 2023. The portfolio again developed somewhat positively (EUR + 1.4 billion or + 0.3% to EUR 424.8 billion).

Customer deposit business recorded strong growth of EUR 33.8 billion last year to EUR 1,182.3 billion (+ 2.9%), continuing to reflect the high level of trust our customers place in the Savings Banks.

Together, the institutions of the Savings Banks Finance Group are one of the 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 of these services directly benefit local communities. This is our contribution to the balanced and sustainable development of the regional economy and society as a whole.

Savings Banks Finance Group

Division of labour and cooperation within the Group	Decentralised management responsibility	Commercial efficiency	
Public legal status	Municipal trusteeship	Focus on public welfare	Regional principle

The mission

What sets us apart

FOR MORE THAN 200 YEARS, THE SAVINGS BANKS AND THE INSTITUTIONS OF 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 have accompanied economic and social change in Germany, providing modern financial products and advisory services for all customer groups. The 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 reunification after the fall of the Berlin Wall.

The Savings Banks, together with the Landesbanken, Landesbausparkassen and other affiliated companies of the Savings Banks Finance Group, are currently facing the necessary changes and their accompanying economic and social transformation. As institutions under public law, the institutions of the Savings Banks Finance Group have a special role to play here – for example, ensuring basic financial services and strengthening regional development. This means helping to shape and support the ecological restructuring of the economy and society, technological innovations and the digital infrastructure through targeted lending and investment, and ensuring social cohesion through social and cultural projects and financial education.

In times of change, the institutions of the Savings Banks Finance Group are therefore not only financiers, but also social co-creators. They help to ensure that transformations are socially just, ecologically responsible and economically stable. This makes them more important than ever in today's world.

The essence of the Savings Bank concept remains unchanged. For decades, it has also been legally enshrined 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. primarily private households, skilled tradespeople, small and medium-sized enterprises and local authorities.

→ 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 weaker regions of Germany.

The "public mandate" assigns the Savings Banks essential credit-related and social responsibilities. It also stipulates that the success of a Savings Bank is measured by its local influence – which goes far beyond the basic requirement of sound business management.

The Savings Banks Finance Group invests in the community, actively addresses social developments and helps to shape them. Its many years of strong charitable commitment benefit both customers and non-customers alike. It promotes art and culture, supports sports clubs and provides assistance in the areas of the environment and education. For decades, for instance, it has developed teaching materials and provided information to improve the financial literacy of children, young people and private households. It also maintains a comprehensive internal training and further education system and employs 16,700 trainees. In addition, Savings Banks and Landesbanken have been the most reliable source of financing for German SMEs, even during the difficult global economic years and the current period of change.

Business model

Strengthening regions

The Savings Banks' business model has been an integral part of Germany's 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 companies in their business regions and throughout Germany.

As a rule, Savings Banks are institutions under public law with a mandate to ensure an adequate supply of financial and credit services to all sections of the population, companies and public authorities within the region of their responsible public bodies. This public mandate is the foundation and guiding principle for their business activities and reflects what makes Savings Banks special: Savings Banks are there for everyone. They serve the common good.

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

Savings Banks are legally and economically independent. They are managed locally as decentralised institutions and focus on growth from their own resources. In order to maintain this and fulfil their public mandate in the long term, Savings Banks must operate sustainably and ensure long term economic equilibrium. The focus of its banking business on the local population and the local real economy ensures the promotion of local economic activity and thus regional growth. Due to their public mandate and the associated focus on the common good, the Savings Banks' business model is not geared towards maximising profits, but towards fulfilling their public mandate in the long term. In addition, the profits generated by public-law Savings Banks – insofar as they are not required to strengthen their equity capital – benefit the general public: through donations to charitable organisations and/or distributions to the respective responsible public body to use for charitable purposes.

In addition to the 343[2] municipally owned Savings Banks, there are five independent Savings Banks that are organised under private law. As an integral part of the Group, they remain committed to the public welfare mission of the Savings Banks to this day.

Cooperation within the Savings Banks Finance Group is an essential complement to the Savings Banks' local roots. This cooperation enables the institutions to specialise in a division of labour and thereby strengthens the performance of them all. The association thus makes a significant contribution to the responsible and risk-conscious business policy of the Savings Banks Finance Group.

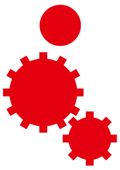
Acting sustainably

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 range of sustainable products. An increasing number of institutions in the Savings Banks Finance Group are signing up to the "voluntary commitment to climate-friendly and sustainable business". To date, 281 Savings Banks, four Landesbanken, DekaBank and nine affiliated companies have signed the voluntary commitment.[3]

[2] As of 15 June 2025.
[3] As of 20 March 2025.

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



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

The institutions of the Savings Banks Finance Group work together in a strong alliance. While they operate as independent institutions, they also network their range of 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 five Landesbausparkassen (LBS) are the market leaders in Germany with a market share of 34.5% in terms of the number of new home loan and savings contracts and 35.5% in terms of the contract portfolio (number of contracts). They have over 530 advisory centres and employ 6,180 office and field staff. The cumulative balance sheet total of the LBS Group amounted to EUR 75.0 billion at the end of 2024.

Landesbanken

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

The Landesbanken cooperate with the Savings Banks as partners in the association in the areas of industrial development, infrastructure measures and housing development. They also offer a wide range of services for businesses and commercial enterprises. They grant loans, support SMEs in developing new business opportunities and assist them in their international activities.

As central giro institutions, the Landesbank groups are also the central institutions for the Savings Banks and thus, among other things, the central clearing centre for cashless payment transactions. They are partners to the Savings Banks in retail business, providing them with efficient payment transaction systems and specialised expertise in complex products and joint projects.

Deutsche Leasing Group

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

In the 2023/24 financial year, the Deutsche Leasing Group once again achieved slight growth with a new business volume of EUR 10.3 billion despite the lack of economic momentum (previous year: EUR 10.1 billion). The net asset value increased for the fifth year in a row to EUR 2.5 billion (previous year: EUR 2.4 billion). The economic result also reached a new high of EUR 216 million (previous year: EUR 180 million). The distribution to the Savings Banks as shareholders was EUR 45 million, above the previous year's level (EUR 40 million).

[4] Reporting date: 30 September 2024 (financial year of Deutsche Leasing: 1 October 2023 to 30 September 2024).

The Savings Banks and Deutsche Leasing Group expanded their cooperation in joint network business (with commercial and business customers). Despite the weak economic environment, they were able to increase new business in their joint leasing business to around EUR 4.2 billion in 2024 (previous year: EUR 4.0 billion)[5].

Deutsche Factoring Bank (DFB), a Deutsche Leasing Group company, generated annual earnings after taxes of EUR 12.6 million in the 2024 calendar year with factoring turnover of EUR 18.4 billion. In a difficult overall economic environment, this was a satisfactory result, in particular thanks to the continued intensive cooperation with the Savings Banks.

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

Deka Group

DekaBank is the Savings Banks' securities house and, together with its subsidiaries, it forms the Deka Group. With assets under management totaling EUR 416 billion (as at 31 December 2024) and around 5.7 million accounts under management, it is one of the largest securities service providers and real estate asset managers in Germany. It provides private and institutional investors with 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 23.4 billion in 2024, thus confirming its position as the second-largest insurance group in Germany. The regional Savings Banks Associations are the main owners of almost all public insurers.

Other financial service providers

The range of financial services provided by 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, 46 capital investment companies and other financial services companies.

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

[5] Reporting date: 31 December 2024 (financial year of the affiliated partners from 1 January 2024 to 31 December 2024).

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.

The institutions of the Savings Banks Finance Group are safeguarded by their own protection scheme. Established over 50 years ago, it provides maximum reliability for customers of the Savings Banks Finance Group.

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

The institution protection scheme thus provides customers of the Savings Banks Finance Group with the highest level of security. Since the protection scheme was established in the 1970s, no customer of a member institution has ever suffered a loss of their deposits, no depositors have 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 are entitled to reimbursement of up to EUR 100,000 of their deposits from the protection scheme. This is stipulated in Germany's Deposit Guarantee Act (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. Moreover, all institutions of the Savings Banks Finance Group will establish a supplementary fund starting in 2025, which will be available in addition to the existing protection funds.

Further information on the institution protection scheme of the Savings Banks Finance Group can be found in the risk report on pages 83 – 85.

Capital market ratings

The Savings Banks Finance Group has external ratings from the agencies Moody's Investors Service, Fitch Ratings and DBRS Morningstar. The Savings Banks Finance Group's ratings from all three rating agencies remained unchanged in 2024.

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 assesses the creditworthiness of the Savings Banks with a group rating, 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).

All Savings Banks have been assigned ratings by Fitch and DBRS, 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 were particularly influenced by:

- 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 risk assets,
- the diversification of their risk exposures,
- 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

	2025	2024	2023
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 2024

A strong and enduring partnership – the Savings Banks Finance Group has been committed to the Dresden State Art Collections for two decades

The successful partnership between the Dresden State Art Collections and their principal sponsor, the Savings Banks Finance Group, is now in its 20th year. During this time, numerous high-profile exhibition projects and major cultural events of international renown have been supported. In 2024, the exhibition "Caspar David Friedrich. Where it all began" in the 250th anniversary year of the great painter's birth was another highlight in the history of this collaboration. With 236,000 visitors, it was one of the most successful exhibitions in the history of the Dresden State Art Collections.

Exhibition view "Caspar David Friedrich. Where it all began", Albertinum

PLANET UTOPIA: The Savings Banks Finance Group supports the 3rd Children's Biennial of the Dresden State Art Collections

How do we want to live in the future? How can our world of crises become a better place? What utopias can art create? Answers to these and other questions were sought at the 3rd Children's Biennial of the Dresden State Art Collections, which was held with the title PLANET UTOPIA. The concept, in which immersive and interactive art for all generations was exhibited in the Japanese Palace, was developed with the help of children's advisory councils. The exhibition opened on 1 June 2024 with a celebration to mark International Children's Day. Bringing children to museums is an important goal of the Savings Banks Finance Group's commitment as the main sponsor of the Dresden State Art Collections.

Exhibition view "Children's Biennale. PLANET UTOPIA", Japanese Palace

The strong partnership with the Dresden State Art Collections is supported by many institutions of the Savings Banks Finance Group: the Ostsächsische Sparkasse Dresden, the Ostdeutscher Sparkassenverband (East German Savings Banks Association) with all Saxon Savings Banks, LBS Landesbausparkasse NordOst AG and LBBW, Sparkassen-Versicherung Sachsen, DekaBank Deutsche Girozentrale and the Savings Banks Cultural Fund of the German Savings Banks Association.

Major contemporary art exhibition series: the Venice Biennale

The Venice Biennale is one of the world's most influential exhibitions of fine art. Every two years, it showcases the latest trends in international contemporary art.

As in 2013, 2015 and 2017, the Savings Banks Finance Group again sponsored the German Pavilion in 2024. The German contribution was curated by Çağla Ilk. Under the title "Thresholds", she brought Yael Bartana and Ersan Mondtag to the German Pavilion. With sound installations by Michael Akstaller, Nicole L'Huillier, Robert Lippok and Jan St. Werner, the island of La Certosa was also featured in the German contribution for the first time.

60th International Art Exhibition – La Biennale di Venezia Yael Bartana: Light to the Nationas – Generation Ship, 2024

The commitment to the German contribution was jointly supported by the Baden-Württemberg Savings Banks Association with its affiliated companies LBBW, LBS Süd, SV Sparkassen-Versicherung, Deutsche Leasing and the Savings Banks Cultural Fund of the German Savings Banks Association.

National competition "Jugend musiziert" 2024

From 16 to 22 May 2024, around 2,600 young talents transformed the Hanseatic city of Lübeck into a lively music metropolis – on the occasion of the national competition "Jugend musiziert" (youth makes music). Germany's largest competition for young classical musicians took place for the 61st time, supported by the long-standing sponsorship of the Savings Banks Finance Group, which has been the main sponsor at all three levels of the competition since 1991.

In addition to its financial support, the Savings Banks Finance Group is also committed to promoting young musicians through special prizes, scholarships and joint performance opportunities.

Professor Reuter presents the “Savings Banks special prize for outstanding achievements by a family ensemble” to brothers Simeon and Ruvim Arestov

Awarded the Didactic Seal: Young people learn to make prudent financial decisions with the Savings Banks game

The digital financial learning game from the Savings Banks School Service “mission: decision” was recognised as an outstanding educational medium in terms of pedagogy, content and design in June 2024. The Society for Education, Information and Media (GPI) honoured it with a Comenius EduMedia seal. The GPI has been awarding the Comenius Award for didactic content since 1995. The award is considered one of the most important distinctions in the field of digital educational media. The Savings Banks School Service has provided a wide range of educational services for financial education in schools for almost 50 years.

EPI launches Wero – the innovative digital wallet for Europe – one year on

The European Payment Initiative (EPI) – an association of 16 banks and financial service providers, including the Savings Banks Finance Group – launched the new Wero payment system in July 2024. The app enables fast mobile-to-mobile payments (P2P) and is now used by more than 42 million people across Europe.

With Wero, the EPI is aiming to establish a Europe-wide, standardised, digital omnichannel payment solution – tailored to the needs of the European market and forward-looking for payment transactions and the sovereignty of the European single market.

For more information about EPI and Wero, visit:

↘ EPI Company | Home: www.wero-wallet.eu

“Great moments” – in Paris 2024 and at the Sports Badge competition

As a top partner of Team Germany and Team Germany Paralympics, the Savings Banks Finance Group was also represented at the Olympic and Paralympic Games in Paris in 2024. It provided five stations in the fan zone of the German building where guests could also take part in sporting activities. Volunteers who had won a trip to Paris in the national campaign “Vereinshelden gesucht!” (Club heroes wanted!) were also honoured on site.

In popular sports, the Group restructured its Sports Badge competition for 2024. Special projects related to the German Sports Badge could be submitted for funding from April to December, regardless of fixed categories. The selection is made by a jury consisting of athletes from Team Germany and representatives of the German Olympic Sports Confederation (DOSB), the German Disabled Sports Association (DBS) and the Savings Banks Finance Group.

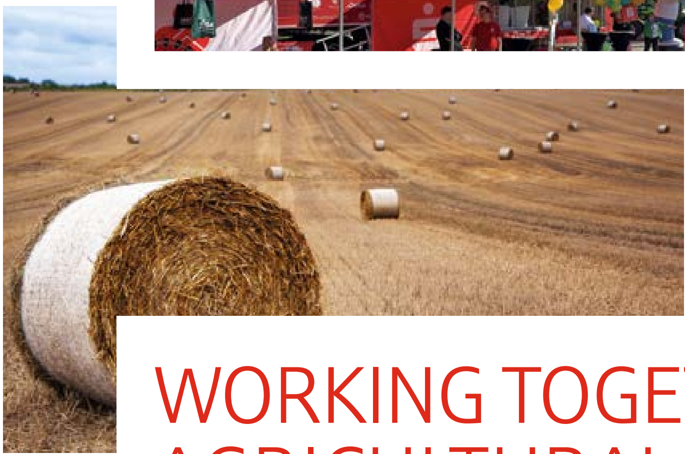
Exhibition sponsorship “TRANSFORM! Design and the Future of Energy”

The necessary energy transition cannot be achieved without design: from everyday products for the use of renewable energies to the design of solar houses and wind turbines, from intelligent mobility concepts to visions of energy-self-sufficient cities in the future – the changes ahead also require new design approaches. Good design can help to strengthen public acceptance of renewable energies.

A rainbow assortment of Hoffman 706 Trans-Solar radios, released in 1958

The exhibition “TRANSFORM! Design and the Future of Energy”, held at the Vitra Design Museum in Weil am Rhein, made it clear that the energy transition involves more than just the expansion of renewable energies. It brought innovative and experimental product design, speculative design projects, films, architectural models and visions of the future to the exhibition space.

The funding was provided by the Baden-Württemberg Savings Banks Association in partnership with its affiliated companies LBBW, LBS Süd, SV SparkassenVersicherung, Sparkasse Markgräflerland and the Savings Banks Cultural Fund of the German Savings Banks Association.



WORKING TOGETHER TO PRESERVE AGRICULTURAL DIVERSITY

Savings Banks have the right answers to the challenges facing rural areas.

Agriculture in Germany has undergone enormous structural and economic change in recent decades – yet one thing has remained the same: its fundamental role in supplying the population with plant and animal-based food.

Caught between the conflicting priorities of productivity and sustainability, harvest cycles and climate change, politics and society, and – particularly relevant at present – record municipal deficits and regional development, farmers need to have strong partners.

One such partner has long been the Savings Banks Finance Group with its local member institutions. They support agriculture with efficient measures aimed in particular at sustainable financing and industry-specific advice. The East German Savings Banks Association (OSV) plays a special role in this regard.

The OSV is responsible for the four eastern German states of Brandenburg, Mecklenburg-Western Pomerania, Saxony and Saxony-Anhalt, which also play a prominent role in agriculture.

"THE PLANNED FINANCIAL PACKAGE IS AN IMPORTANT SIGNAL"

Rural areas need real prospects for the future – an interview with Dr André Berghegger.

As Chief Executive of the Association of German Towns and Municipalities (DStGB) and former mayor, the trained lawyer has a particular focus on local authorities. At the same time, as a member of the German Savings Banks Association's (DSGV) Executive Committee, he is familiar with all aspects of Savings Banks business. Both local authorities and Savings Banks are indispensable for the positive development of rural areas and thus also for the agricultural economy. Dr André Berghegger highlights what is necessary from the DStGB's perspective to ensure that both can continue to meet this particularly challenging task.

Dr Berghegger, how does the DStGB assess the current situation for local authorities, and what challenges are cities and municipalities currently facing in view of the record deficit in local government finances?
→ The financial situation of cities and municipalities is dramatic. Local authorities ended the last financial year with a historic deficit of EUR 24.3 billion. Their ability to act and invest is under serious threat. The main cause of this structural underfunding is the continuing rapid rise in expenditure, which is largely beyond the control of local authorities. In addition to the significant increase in personnel costs of 8.9 percent to EUR 88.1 billion due to new hires and wage increases that took effect in 2024, the increases in spending on social services are especially striking, with an increase of

11.7 percent to EUR 84.5 billion. The high deficit on the municipal side is due in particular to the increase in expenditure on child and youth welfare and integration assistance in accordance with the German Social Code.

There is currently no sign of improvement in the precarious financial situation of cities and municipalities. On the contrary, the continued dynamic growth in social spending is accompanied by lower tax revenues due to the economic situation. Many municipalities will be forced to cut back on investment just to keep the financing deficit at around EUR 20 billion. Given the investment backlog of EUR 186 billion and necessary future investments in the triple-digit billion range, this would be disastrous. In this respect, the federal government's planned financial package for infrastructure is an important signal to the construction industry and local authorities that cities and municipalities can continue to invest in the future.

How should the financial relations between the federal government, the states and the municipalities be reorganised?
→ In order to maintain the municipalities' ability to act and invest and to prevent further erosion of the democratic community, the federal and state governments must finally react and put municipal finances back on at least a reasonably stable footing. First and foremost, this includes respect for genuine connectivity, which includes cost-intensive standard adjustments and the expansion of existing tasks. There also needs to be a political shift away from the state having responsibility for everything and the associated limitation of its tasks. Not everything that is desirable can also be financed.

On the revenue side, local authorities must be given lasting relief from social spending. In addition, the municipal share of community taxes must be significantly increased. In the current municipal financial situation, municipal revenue shortfalls resulting from federal and state tax legislation must also be compensated.

In which key areas should the planned EUR 100 billion for the federal states and municipalities from the multi-billion-euro financial package be invested in order to make cities and municipalities sustainable and fit for the future?
→ The new federal government has announced plans to tackle the infrastructure renovation backlog. To achieve this, we need municipal investment in areas such as our schools, roads and bridges. Of course, this can only be achieved with the support of local property owners and building authorities, i.e. the cities and municipalities. Take the example of dilapidated bridges, which are often the focus of attention. Anyone who fails to take into account that three-quarters of roads and associated engineering structures are the responsibility of local authorities will ultimately achieve little. Even a renovated motorway is worthless if the local bridge behind the junction becomes impassable. We have very clear expectations that the federal states will pass on a large part of these additional funds to the local authorities.

Money alone is not enough – what needs to be done to ensure that the allocated funds have the desired effect?
→ Local authorities not only need investment funds, but also a significantly greater scope to act. Without strong local authorities, it will not be possible to build up the personnel required to implement infrastructure measures. In addition, excessive standards and regulations make investments in local infrastructure more expensive, slow them down and sometimes even prevent them altogether. Significant improvement is needed here. This also applies to documentation requirements in the context of funding programmes.

» Rural areas must be given greater political attention than they have received in the past. «

Dr André Berghegger
Member of the DSGV Executive Committee

In your view, what role do Savings Banks and their partners play in revitalising the economy?
→ A sustainable economic upturn can only be achieved through locally owned Savings Banks and their association partners. It is they who, as part of their public mandate, ensure the provision of banking and financial services across the country. Thanks to their regional roots, they are very familiar with local conditions and are therefore extremely important for the development of local businesses and the implementation of economic transformation on the ground. As reliable partners in times of crisis, they also play a central role in implementing government support and development programmes.

It is all too often overlooked that regionally rooted Savings Banks, with their local expertise, played a key role in helping the German economy recover from the global financial crisis of 2008/2009. Ultimately, the same applies to financial institutions as to politics: local responsibility creates trust – trust creates economic stability. However, in order for Savings Banks to be able to resume this role, the framework conditions need to be improved. Reporting requirements and the associated bureaucratic costs must be reduced across the board. Less bureaucracy generally creates more scope for investment.

What opportunities and challenges do you see for rural development and the agricultural economy in Germany?
→ More than half of our country's population lives outside of urban areas. This is where a large part of the value added is generated. However, the financial situation poses a major challenge, especially for structurally weak regions and rural communities. Here we are often dealing with small administrations that find it more difficult to participate in funding programmes, for example. Rural areas must therefore be given greater political attention than they have received in the past. Even though every region is different, it must be possible to create prospects for the future everywhere. This could be through tourism, an industrial estate or an agri-photovoltaic project, in which agricultural land is used simultaneously for food production and renewable energy generation. We consider the joint tasks of regional economic structure, agricultural structure and coastal protection to be particularly helpful in triggering private investment that strengthens small and medium-sized enterprises and secures and creates jobs.

What role does the above-mentioned joint task of agricultural structure and coastal protection play in ensuring sustainable agriculture and a secure food supply?
→ The joint task is very important for agriculture. However, agricultural structure and coastal protection are much more than just agricultural aid. The joint task makes an important contribution to strengthening public services in rural areas and can also have a social impact. The funds are used, for example, to finance village community centres or town centre development, i.e. projects that send a clear signal that rural areas are not being left behind.

How important are Savings Banks for rural areas?
→ Savings Banks are indispensable partners for towns and municipalities in rural areas. They not only ensure comprehensive financial services for citizens and small and medium-sized enterprises, they are also strongly committed to the common good, for example by promoting culture, sport and voluntary work. They are also important taxpayers and reliable lenders for local authorities. As a result, municipally supported Savings Banks are the central anchor of the regional infrastructure and make a significant contribution to local economic and social stability.

Agri-photovoltaic projects are one of many examples of how future prospects can be created in rural areas with the right support.

43
Association Savings Banks of the OSV

≈ 6 million ha
of farmed agricultural land

EUR 746 million
agricultural loan portfolio

> 120,000
people working in agriculture

IN THE REGION. FOR THE REGION. WITH THE REGION.

Eastern German agriculture and Savings Banks form a strong partnership.

Agriculture is an important economic sector in the business region of the East German Savings Banks Association (OSV). Unlike in the western federal states, where there are many small family farms, large farms dominate in the east – often with several thousand hectares of land. This is a legacy from the GDR era with its large agricultural production cooperatives (LPGs). After reunification, many of these collectivist structures were dissolved and converted into corporations and partnerships such as agricultural cooperatives, limited liability companies (GmbHs), limited liability partnerships (GmbH & Co. KGs) or private enterprises.

The large farm structures in particular enable greater specialisation, mechanisation and professionalisation of processes. This goes hand in hand with an increased need for capital and credit, whether for investments in land, technology or renewable energies. Especially as costs have risen massively, and not only in these areas. This makes the 43 member institutions of the OSV much sought-after partners for financing and advice.

In the rural areas of the four federal states of Brandenburg, Mecklenburg-Western Pomerania, Saxony and Saxony-Anhalt, the Savings Banks' experts serve around 21,000 agricultural businesses with more than 120,000 employees. Together, they

> 18,500
employees in the OSV Savings Banks

≈ 21,000
agricultural businesses

≈ 60 ha
average farm size in western Germany

> 250 ha
average farm size in the business area of the East German Savings Banks Association (OSV)

Agriculture in eastern Germany is extensive, modern and plays a key role nationwide in food security, sustainability and renewable energy. The East German Savings Banks Association (OSV) has adapted to the requirements of this special clientele. This is also reflected in selected figures.

represent a significant economic force, whose further development the OSV Savings Banks are keen to actively support. Over the past ten years, they have more than doubled the volume of loans in this market segment. The OSV also offers targeted advisory services. The annual agricultural convention organised by the Association with renowned speakers and practical workshops, as well as the training courses offered by the North-East German Savings Banks Academy (NOSA) are particularly noteworthy.

The total volume of agricultural loans granted in 2024 remained stable at EUR 746 million. The funds are invested in new marketing strategies, drones and digitalisation, as well as in nature conservation, biogas plants, solar and wind farms. All with the aim of ensuring that agricultural businesses in the OSV's business area continue to make a disproportionately large contribution to Germany's agricultural production and thus to the supply of high-quality food, despite the low population density. In the current uncertain times, it is becoming increasingly important to be as independent as possible from imported goods. Moreover, regionally produced and purchased food is more sustainable.

The two examples of cooperation on page 26 illustrate how the collaboration between OSV Savings Banks and agricultural businesses works in practice.

OSV active for agriculture:

Head of the Agriculture Working Group:

- Participants include Savings Banks that are particularly active in the agricultural sector, selected partners and representatives of the Landesbanken
- Annual meetings (usually held at trade fairs)
- Representatives of state farmers' associations are also invited
- Visits to trade fairs (Green Week, agra, BraLa, MeLa)

Focus of the Agricultural Convention:

- Annual information event with 250 to 300 guests from politics, agriculture and the Savings Banks Finance Group
- Specialist presentations and workshops covering the entire value chain of agricultural products
- Platform for exchange and networking, especially between farmers

Training courses offered by the North-East German Savings Banks Academy (NOSA):

- Annual exchange of experiences in agriculture
  – Practical reports from Savings Banks for Savings Banks
- Specialist conference on agricultural business
  – Exchange on current topics and specialist presentations from the agricultural sector

MAKING AN IMPACT TOGETHER

Ludger Weskamp and Hanka Mittelstädt in a double interview on the special situation for Savings Banks and agriculture in the OSV's business region

Ludger Weskamp, Executive President of the East German Savings Banks Association (OSV), hopes that politicians will move more quickly from talk to action.

The Executive President of the East German Savings Banks Association (OSV), Ludger Weskamp, and Brandenburg's Minister of Agriculture, Hanka Mittelstädt, both have strong regional and practical ties. Ludger Weskamp was previously a district administrator, while Hanka Mittelstädt was most recently the managing director of an agricultural business and previously also worked as a banker. Both are therefore well placed to comment on the special economic and political conditions in the OSV's business area.

Mr Weskamp, the world is in turmoil and Germany is also facing major economic challenges. What does the current situation mean for the Savings Banks in eastern Germany?
→ **Ludger Weskamp:** To use a popular German farming expression, in recent years federal subsidy policy has often given the impression of "jumping in and out of the potato field" – or of chopping and changing. This is fatal. Reliability, predictability and the ability to plan are essential in almost all areas of life – especially for our farmers. The economic situation is and will remain tense in the coming months. For our eastern German Savings Banks, this could mean stricter lending conditions, increased uncertainty for investments and even stronger competition from other financial service providers. Eastern German Savings Banks must respond flexibly and innovatively to ensure their stability. But they have been doing this for more than 200 years.

In addition, the new federal government took office in the spring of this year. I hope that the current mood of change does not fizzle out. We must now move from talk to action and all pull together. I am optimistic that the German engine will then start up again.

Agriculture is an important economic sector in eastern Germany. How are eastern German farms faring?
→ **Weskamp:** Fifty years ago, there were more than 1.1 million farms in the Federal Republic of Germany. Today, there are only around 260,000 nationwide – the most productive of which are in eastern Germany, which is why they receive the largest share of agricultural subsidies from Brussels. In the four federal states of Brandenburg, Mecklenburg-Western Pomerania, Saxony and Saxony-Anhalt, more than 120,000 people work in around 21,000 agricultural businesses. Agriculture is one of the most important economic sectors in eastern Germany. The eastern German Savings Banks have been intensifying their agricultural business for more than a decade. During this period, they have more than doubled the volume of loans in this market segment. Where other banks are pulling out, we are providing individual advice and support on the ground. Despite the economic uncertainties, the agricultural loan portfolio remains stable at around EUR 746 million, with only minor fluctuations.

As Brandenburg's current Minister of Agriculture, Hanka Mittelstädt sees opportunities to reverse the current downward trend in eastern German agriculture if the right conditions are in place.

→ **Hanka Mittelstädt:** Farms are under a great deal of pressure, especially in livestock farming. We have lost a lot of ground here in recent years. Sow farming, pig fattening and dairy farming have seen a substantial decline in Brandenburg – generally due to a lack of economic prospects. Nevertheless, I am convinced of their future viability and efficiency: highly trained agricultural managers are ready to take the future of these businesses into their own hands. The figures mentioned above show a willingness to invest. If we succeed in providing reliable framework conditions for livestock farms at EU and federal level over the next two years, I see opportunities to reverse the downward trend.

Mr Weskamp, how are the economic difficulties affecting your agricultural corporate customers on the one hand and the Savings Banks themselves on the other?

→ **Weskamp:** Farming is capital and credit-intensive, whether it's land purchases, animal housing or technology – costs have risen massively in all areas recently. In addition, agricultural businesses are confronted with an endless array of laws and regulations, which require ongoing additional investment. Politicians need to create reliable framework conditions quickly. Securing debt servicing capacity is particularly important for agricultural businesses, especially as they often have seasonal cash flows. Maintaining liquidity throughout the year until subsidy payments or harvest revenues are actually received is a particular challenge. This is important in order to be able to cover ongoing operating and personnel costs. Forward-looking, early financial planning is therefore crucial. This is where the eastern German Savings Banks come into play as reliable local financial partners.

Where do you see the focus of your support for eastern German agriculture in the near future?

→ **Weskamp:** The East German Savings Banks Association regularly attends major agricultural trade fairs and organises two great events every year: the annual agricultural business conference and the traditional agricultural convention. Farmers value these events as a platform for exchanging ideas and networking with experts from agriculture, science and interest groups, as well as with the Savings Banks' agricultural customer advisors on current agricultural issues.

Ms Mittelstädt, where do you see your current priorities as Minister?

→ **Mittelstädt:** I would like to focus my work strategically on developing future-oriented framework conditions. This means not just thinking in the short term, but looking beyond the current legislative period. The realignment of EU policy under the auspices of a new defence and infrastructure doctrine has already led to fundamental changes in priorities. I firmly believe that a stable, crisis-proof farming and food industry in Europe is also an integral part of European security policy. In state politics, we are working to strengthen agriculture again after overcoming the existential threat to our livestock farming posed by the outbreak of foot-and-mouth disease. Ministers of the eastern federal states are working hand in hand, as the framework conditions for our farms are similar and require a

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Where other banks are pulling out, we are providing individual advice and support on the ground.

«

Ludger Weskamp
Executive President of the
East German Savings Banks Association

strong voice at federal level and in Brussels. Our farmers in Brandenburg are excellent business managers who innovatively meet the demands of society, changing markets and even climate change. We must free this entrepreneurial and professional excellence from excessive constraints.

Mr Weskamp, how are eastern German farms affected by the skills shortages and a lack of succession – and how should they be addressed?
→ **Weskamp:** No one would wish to gloss over the fact that the shortage of young talent is already putting significantly more pressure on existing staff. Many farms are also facing the serious challenge that the next generation does not want to or is unable to enter the agricultural sector. This often leads to farms being sold or abandoned. We need to get young people interested in farming again, promote training and further education opportunities, and create attractive financial conditions. In recent years, the East German Savings Banks Association has offered workshops on the shortage of skilled workers and succession as part of the agricultural convention, because the barriers to taking over farms are currently too high.

Ms Mittelstädt, how much regulation does agriculture need – and which rules tend to be more of a hindrance?
→ **Mittelstädt:** A large proportion of agricultural products are raw materials that are traded worldwide and across Europe, mostly for further processing into food. This means that regulations have a strong influence on competitiveness with other regions. We already have such distortions of competition in Europe, one example being the high German standards in livestock farming. This has led to a significant shift in pig production to Spain. Fruit and vegetable cultivation in Germany is also suffering massively from very different wage conditions in Europe due to the high demand for seasonal workers. And we have very different rules on the approval of pesticides, regulations on fertilisation and other nature conservation restrictions. We therefore need to find a balance between necessary – but fair – regulations within Europe and the reduction of over-regulated standards. We even have problems with this in our federal structures. What a farmer is allowed to do in Bavaria may be prohibited in Brandenburg. Future regulation and deregulation must take better account of the aspect of comparable standards.

What specific steps are you planning to reduce bureaucracy?
→ **Mittelstädt:** We know that we have to cut through a lot of red tape. The first approach we are taking at state level is to review all regulations and laws that go beyond federal and EU legislation to assess their effectiveness and usefulness. It is important to have direct contact with the people affected by bureaucracy, who can explain their problems to us objectively. This takes place in regular meetings. In order to then move into an implementation phase, we have created working structures in our ministry to internalise the permanent reduction of bureaucracy, not as a threat, but as a measure of success. In the first six months of my term of office, we have already been able to contribute to the introduction of the first deregulation in the areas of land use and the environment into the parliamentary voting process – a first concrete step that we will follow up with others.

Mr Weskamp, what does your association expect from the new government, especially after the farmers' protests in early 2024?
→ **Weskamp:** First and foremost, I would like to see farmers appreciated and acknowledged for the important role they play in regional supply and the economy. After the protests in early 2024, it is important that the government promotes dialogue with farmers in order to develop sustainable solutions together.

What framework conditions does sustainable and stable agriculture need in the future?
→ **Weskamp:** Sustainable and regional agriculture requires clear and fair legal requirements and competitive conditions that promote environmental and climate protection without jeopardising the economic existence of agricultural businesses. Financial support and long-term, unbureaucratic subsidy programmes are needed to promote sustainable farming methods and innovative technologies.

Ms Mittelstädt, you ran a farm yourself for several years. What do you think characterises a modern, sustainable agricultural business?
→ **Mittelstädt:** A willingness to innovate and entrepreneurial drive – I'm very clear on that. It doesn't help at all to complain about the general conditions. And that actually applies to every

company. Even if it can be difficult at times, action must be taken: diversifying the business, being open to market opportunities and having a little courage to experiment. I also think it's important to be open to partnerships and cooperation. The time when we could solve all our issues on our own is over. Additional strength comes from pooling expertise and financial clout – I sometimes wish there was more openess among farm managers in this regard.

Where do you see the greatest need for political action?
→ **Weskamp:** Clearly in reducing bureaucracy and overregulation. As in all industries, these two factors stifle initiative and innovation in agriculture. The whole country is talking about digitalisation, but compared to ten years ago, companies in Germany now have to fill out almost 16 per cent more paperwork in the form of applications and invoices. And it's the same for farmers, doctors, retailers, associations and, yes, even local government. This bureaucracy costs EUR 65 billion a year in direct costs for companies alone. Farmers want to supply us with food and other important raw materials – out in the fields, not at a desk!

→ **Mittelstädt:** Reducing bureaucracy alone will not be enough, but it is an important building block. In my view, what we need is a clear vision for agriculture in Germany in 2040. A resounding yes to restructuring livestock farming, appropriate legal certainty and a sufficient support package. A resounding yes to grassland sites and pasture farming. A resounding yes to reviewing the approval of pesticides in line with European standards, taking into account climatic changes, and a yes again to the use of innovative, environmentally friendly methods in arable farming, including natural genetic engineering.

What might cooperation between the OSV Savings Banks and agriculture ministries such as the MLEUV Brandenburg look like in the future?

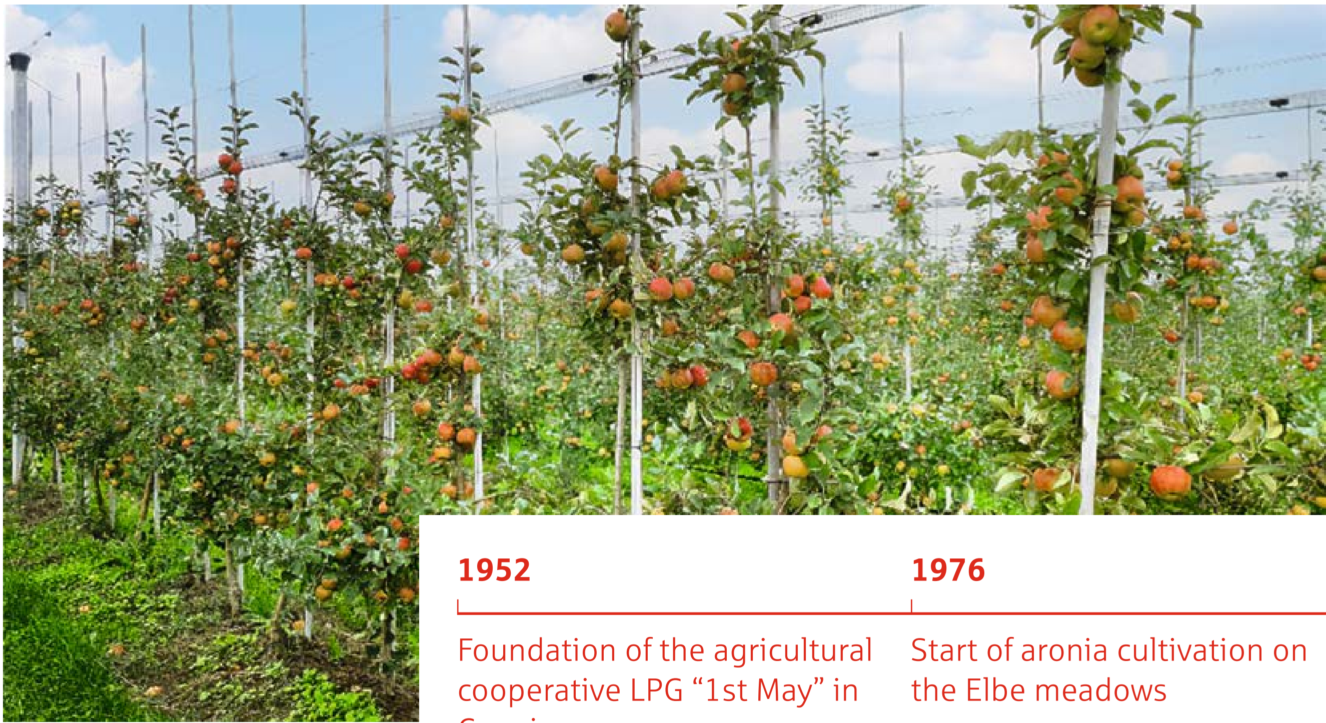
→ **Weskamp:** The exchange already exists. It is now important that it is actively maintained and expanded. In the case of Ms Mittelstädt, it is of course a stroke of luck that, as a former farmer, she is very close to the concerns of the farms. Together, we could develop targeted support programmes in the future to help farms with investment, modernisation and sustainable management.

→ **Mittelstädt:** My idea of cooperation is to bring together the best of all perspectives and arguments and work together to achieve results. This is where the ministry can and should play an important role as a link between the industry and the associations. Wherever we can provide impetus for future-oriented development, we will be there to give our full support.

» The ministry should play an important role as a link between the industry and the associations. «

Hanka Mittelstädt
Minister for Agriculture, Food, the Environment and Consumer Protection of the State of Brandenburg (MLEUV)

ORGANIC FRUIT COMPANY ON THE RISE



1952

Foundation of the agricultural cooperative LPG “1st May” in Coswig

1976

Start of aronia cultivation on the Elbe meadows

How Sparkasse Meißen is supporting the continuing growth of a special kind of organic fruit farm in Saxony

An organic fruit farm that is at the forefront of the healthy aronia berry industry conducts research and offers cultivation advice – this sounds less like traditional agriculture and more like a living transformation. Bioobst Görnitz in Coswig near Dresden has developed from a former GDR collective farm into one of the market leaders in biodynamic apple and specialty crop cultivation. Sparkasse Meißen, a strong financial partner with regional expertise, has supported its sustainable orientation from the very beginning.

Michael Görnitz stands between the endless rows of his aronia bushes. Their green leaves glisten in the morning dew and, despite the dryness of this spring, the plantation looks vibrant. “We are very satisfied with the fruit development this year,” explains the farmer, whose family has been farming in Coswig for decades. He can also be satisfied with the investments made in recent years: numerous new well systems, a water collection basin, an extensive irrigation network with over 100 kilometres of underground water pipes and a clever choice of varieties help to effectively combat drought stress.

"Today, we not only have to think organically, but also climate-smart," explains Görnitz, who has been farming his land organically since 2008 and biodynamically according to Demeter standards since 2015. With almost 50 hectares of cultivated land, Bioobst Görnitz is one of the largest organic aronia growers in Germany. Apples, pears, berries and special crops such as rose hips also thrive on a further 230 hectares. This means a total of around 300 hectares of land is dedicated to fruit cultivation. The farm has long since become more than just a producer: in addition to marketing its products nationally to retailers and selling them in its on-site farm shop, it also develops its own products such as Demeter juices, smoothies and apple sauce, which it sells under its own brand.

From agricultural cooperative to green pioneer

The path to today's traditional family business began with a dramatic change: after reunification in 1991, the East German agricultural cooperative LPG "1st May" became a fruit-growing community that continued to operate conventionally, with Volker Görnitz, Michael Görnitz's father, as one of three founding partners. The next big step was the transition from fruit-growing community to the Görnitz family business in 2009 when Michael Görnitz also joined the

The farm is also popular with pick-your-own visitors.

1991

Privatisation of the LPG and founding of the Coswig fruit-growing community

2008

The fruit-growing cooperative is turned into the Görnitz family business

2011

Bioobst Görnitz GmbH & Co. KG is founded as an organic branch

company after completing his studies in biochemistry and horticulture. From then on, the business underwent a decisive shift towards organic farming and the first organic fruit crops were planted. In 2011, Bioobst Görnitz GbR was founded as an organic subsidiary of the business. Sparkasse Meißen was heavily involved in both realignments as an advisor and financier. Finally, in 2015, after years of consolidation and realignment, the existing businesses were taken over and the company changed its legal form to

» The complete conversion to organic farming was more than just a strategic decision for us, and we were glad to have Sparkasse Meissen at our side. Biodynamic fruit production is our identity. «

Michael Görnitz
Managing Director of Bioobst Görnitz

Bioobst Görnitz GmbH & Co. KG as part of an internal family succession, with a complete focus on biodynamic cultivation. "Even the establishment of the subsidiary, and even more so the complete conversion, was more than just a strategic decision for us, and we were glad to have Sparkasse Meißen at our side. We wanted to show our commitment – to people, nature and the market," emphasises Michael Görnitz. "As a family business, it was of course equally important for us that the transition to the next generation went so smoothly thanks to the active support of Sparkasse Meissen."

Lars Richter, agricultural consultant at Sparkasse Meißen, looks back fondly: "Even though I have only been working with Bioobst Görnitz since 2021, the cooperation with my predecessors was always based on trust. Sparkasse Meißen has provided financial support and advice on succession planning, the switch to organic farming and almost every step of the company's growth since then." Richter knows the industry and now also the business very well and is a regular visitor: "It feels like I have a second office on the farm," he says with a smile.

Partnership through all stages of maturity

Like the fruit he grows, the business has also continued to mature, and Görnitz appreciates the close support provided by Sparkasse Meissen. Whether it's land

» Sparkasse Meißen has provided financial support and advice on succession planning, the switch to organic farming and almost every step of our growth since then. «

Lars Richter
Agricultural Consultant at Sparkasse Meißen

2015

Complete conversion to biodynamic farming (Demeter)

2020

Awarded the "Innovative through Research" seal of approval for the third time

2021

Expansion of hail protection systems and expansion of land and vehicle fleet

Brief profile of Bioobst Görnitz

This family business based in Coswig (Saxony), whose roots date back to 1991, evolved from the agricultural cooperative LPG "1st May". Since 2015, the fruit has been grown completely biodynamically in accordance with Demeter guidelines. The company grows apples, pears, red and black currants and raspberries, as well as special crops such as aronia, rose hips and jostaberries on a total of around 313 hectares. The aronia cultivation covers an area of around 80 hectares, making it one of the largest contiguous cultivation areas in Germany. Bioobst Görnitz has received multiple awards as a research-based company and it also offers cultivation advice to other businesses.

↘ www.bioobst-goernitz.de

purchases, technology financing or interim financing for EU agricultural subsidies, Sparkasse Meissen has always been a reliable partner. The most recent example is the financing of the further expansion of the hail protection system, which is becoming increasingly important in view of climate change.

A flexible framework loan will enable the organic fruit farm to make even faster investment decisions in the future. These may also be necessary due to the farm's other exciting activities. After all, innovation is not just a buzzword at Bioobst Görnitz, but an everyday reality, as reflected in the company motto "Regional genius since 1991". The company not only cultivates fruit, but also conducts research and advises other companies. Its own research activities include developing new cultivation strategies and testing varieties for climate suitability. This internal research, combined with the experience gained and specialist knowledge, enables the company to offer its expertise to other farmers through consultations, workshops and collaborations.

Bioobst Görnitz is a project partner in the EU project HortiQD, which is being implemented by a total of twelve companies and institutes from four European countries. The project is working on the

Aronia berries are the farm's speciality.

development of an autonomous tractor that uses a high-resolution special camera and artificial intelligence (AI) to detect pests and diseases in orchards and transmit information to fruit growers in real time.
↘ www.hortiqd-project.eu

For its research achievements, Bioobst Görnitz has been awarded the “Innovative through Research” seal of approval by the Stifterverband für die Deutsche Wissenschaft (Donors’ Association for the Promotion of Sciences and Humanities in Germany) since 2016. “We see it as our duty to think beyond our day-to-day business,” emphasises Michael Görnitz. “Only those who look ahead can operate sustainably.” The Sparkasse, in turn, sees its support for the organic fruit farm as part of a larger whole: “We stand for long-term, regional development,” explains Lars Richter. “This also includes supporting innovative businesses like Görnitz and growing together with them.”

During the long years of cooperation, Bioobst Görnitz has benefited not only from the services offered by Sparkasse Meißen, but also from the East German Savings Banks Association (OSV). Michael Görnitz himself is involved in this, giving specialist lectures and hosting events such as the OSV agricultural symposium in September 2024, which took place partly on the farm premises. Görnitz once again demonstrated how regional agriculture can shape the future. For Sparkasse Meißen, the agricultural business therefore remains a central part of its identity. With deep regional roots, expert advisors with industry know-how and a clear commitment to sustainable development, it aims to continue promoting agriculture in Saxony in a targeted manner.

2022
Bioland member

2023
Participation in the EU project “Horti QD”

2024
Organic pear orchards with weather, frost protection and sensor systems

The Savings Bank in the Meissen district
Business area

→ 368 employees
→ 5 advisory centres
→ 12 branches

Advisory centres
Branch office

Brief profile of Sparkasse Meißen

Sparkasse Meißen has been active as a financial services provider, employer and regional sponsor in the district of the same name for almost 200 years. With more than 120,000 current accounts, total assets of EUR 3.38 billion and a customer loan volume of EUR 1.64 billion, it is an important factor in the region’s economic stability. Particular attention is paid to supporting regional companies, including agricultural businesses, which are provided with industry-specific advice and tailor-made financing solutions as well as agricultural income accounts as a basis for business payments. In addition to Lars Richter, an agricultural consultant is also available.

↘ www.sparkasse-meissen.de

GROWING TOGETHER

Sparkasse Uckermark has always supported the Menke family business through change, growth and generational succession.

Josef Menke started out with 100 cows when he took over the Jagow estate in the Uckermark region in 1992. The business grew over the years, adding cattle, chickens, farmyards and fields. The generational change has now also been successfully completed. Throughout all these changes, Sparkasse Uckermark has been a constant companion and reliable advisor to the family business.

Farming takes perseverance. When Josef Menke decided in the early 1990s to take over the Gut Jagow dairy farm in the municipality of Uckerland, it was the start of a long process that has since resulted in a large farm with around 1,500 hectares of agricultural land. The farm in Jagow was expanded to include property, fields and stables in Brüssow, Kraatz, Kutzerow and Fahrenholz – and the family business became an employer for around 40 people, including trainees.

"We have achieved a lot in the last few decades. Step by step, with a great deal of perseverance and effort. Today, we are a modern agricultural operation, a local employer and a successful family business," Menke looks back with pride.

A holistic approach

However, the beginnings were much smaller. The family initially farmed around 300 hectares of land for their cows. The following year, a new cubicle barn for 250 cows was built. A new milking parlour, a residential building and the lease of additional fields were added – and that was just the beginning. Because that is the other side of farming: financing investments in farms is a long-term undertaking. Sparkasse Uckermark gave Josef Menke various loans for the purchase of the properties, new buildings and renovations.

With advice and financing from Sparkasse Uckermark, several older houses have been purchased and completely renovated over the years, and new single-family homes were built. Menke rents these out primarily to employees to offer them long-term housing locally and integrate them into the business on a permanent basis.

Everything followed the grand plan of doing as much as possible on the farm himself. Menke therefore built stables for calves and young cattle in order to maintain and expand his herd independently. He also added fields for fodder. As early as 2008, he began using photovoltaics to reduce operating costs and become more independent in this area as well. "We started early on to set up the farm in such a way that we could take as many steps as possible ourselves," he explains.

Josef Menke takes a holistic approach to farming. He combines arable and livestock farming in a way that conserves nature and resources. Two of his three children, Henrik and Magnus, also work in agriculture – and are already entrepreneurs themselves. The result is a farm that harmonises production with nature conservation, and one that plans for the future.

Brief profile of the Menke farm

The Menke family farm in the Uckermark has been growing steadily since 1992. Today, the farm cultivates around 1,500 hectares of usable land, 70 per cent of which it owns. With 670 dairy cows, around 500 young cattle, 300 fattening bulls and tens of thousands of organic laying hens, Menke is one of the largest agricultural employers in the region. Around 30 employees work there all year round, plus trainees, temporary staff and interns. The farm grows crops including wheat, rapeseed, silage maize and lupins. A sustainable approach and continuous modernisation secure the future of the family business.

Guided by a long-term vision

To achieve all this, he needed a partner who understood this long-term approach and shared his vision, as Thorsten Weßels, CEO of Sparkasse Uckermark, explains: "Investment in agriculture always involves long time frames and many uncertainties. Weather, market prices and political conditions are dynamic. This makes it all the more important for a bank to be a reliable partner who thinks along with you and supports the project. The Menke family had a clear idea of how they wanted to develop their business right from the start. We are happy to support such concepts, especially when they are implemented with such perseverance and foresight and are so important for the local economy."

» We have been a reliable partner since the company was founded, and we have built a sustainable business relationship. Our trusting cooperation, even in challenging times, is the basis of our joint success. «

Thorsten Weßels
Chairman of the Board
of Sparkasse Uckermark

Sparkasse Uckermark has been a reliable partner to the Menke family from the very beginning. In the early 1990s, Josef Menke received a loan from the local Savings Bank to purchase land from the Treuhandanstalt, which privatised state-owned businesses in the GDR. The Savings Bank also provided loans to support the modernisation of the stall barn, the lease of additional land and the construction of a dry cow barn and a machinery building.

Menke's long-term vision is also evident in the renovations to the farm. In 2008, he built an irrigation well and installed a photovoltaic system on a new storage shed. The following year, he received financing to build additional photovoltaic systems and commissioned a 600-kilowatt biogas plant in 2010. "Sparkasse Uckermark has been a reliable partner for us right from the start. Especially when it came to larger investments such as photovoltaic systems and the purchase of land, it was important to have someone at our side who understands regional farming and thinks like us in the long term," says Josef Menke.

Economic fluctuations require strong partners

In 2011, tens of thousands of laying hens, which Menke keeps according to organic standards, joined the dairy cows and bulls. A year later, he commissioned two more laying hen facilities, followed by two additional barns in Brüssow in 2014. At the same time, he built more photovoltaic systems and now generates 1,200 kWp. In Kutzerow, he connected his buildings to the heating network.

This is not just an expansion of his own farm, but also a response to the changed economic and ecological situation. Climate change is posing major challenges for farmers throughout Germany and forcing them to rethink their approach. The Uckermark region has been suffering from drought for years.

In farming, these climatic changes are compounded by economic volatility. Significant investment is needed to remain viable. However, market fluctuations can hit businesses hard. When milk prices fell dramatically in 2015, Sparkasse Uckermark granted a loan to support the Menke's business. "A lot is expected of farmers today. Necessary investments cannot be made without the financial backing of partners such as the Sparkasse," sums up Josef Menke. "We support local agriculture because it is important for the country as a whole. It is in the nature of things that there are sometimes bad years, when we have to provide support to ensure long-term food security in Germany. And every farm counts," acknowledges Thorsten Weßels.

Sparkasse Uckermark is therefore an active partner of regional agriculture. It is a member of the district farmers' association and supports the district harvest festival and the farmers' ball. It invites farmers from the region to the OSV agricultural convention to exchange experiences. Farmers benefit not only from the Savings Bank's expertise, but also from its network: contacts with agricultural machinery dealers, tax offices and consulting firms provide concrete advantages in everyday life. In this way, the Savings Bank helps to make farming businesses in the Uckermark fit for the future.

Uckermark region

The Uckermark is one of the most sparsely populated regions in Germany. To the east lies the Lower Oder Valley National Park and to the south the Schorfheide-Chorin Biosphere Reserve and the Grumsiner Forest / Redernswalde UNESCO World Heritage Site. Farming plays a central role in the local economy. Around 58 per cent of the Uckermark – approximately 176,500 hectares – is used for agriculture, mainly for growing grain, rapeseed, maize and other crops. Around 540 farms, from family farms to large enterprises, characterise the region. In addition, there is a diverse infrastructure with dealers for seeds, agricultural machinery and operating resources. The natural conditions – fertile soil and a temperate climate – make the Uckermark an important agricultural location. Farming creates jobs, secures incomes and thus makes a significant contribution to regional stability and development.

It all started with dairy cows: the former Jagow estate has now been transformed into a modern family business with a sustainable focus.

As a forward-thinking farmer, Josef Menke knows that it's not just in the field that you have to keep moving.

» A lot is expected of farmers today. Necessary investments cannot be made without the financial backing of partners such as the Sparkasse. «

Josef Menke
Farmer

Josef Menke is also committed to the region. In addition to his work on the farm, he is politically active as a councillor in both the local and district council, where he represents the interests of the rural population and farming. He volunteers for the Uckermark Farmers' Association and the Uckerseen Water and Soil Association, where he promotes the sustainable use of natural resources. His commitment shows how closely farming, responsibility and the common good are linked for him. His goal: ecologically sustainable and socially anchored farming.

Today, Menke and his employees farm around 1,500 hectares of land. They keep almost 1,500 cattle – dairy cows, young stock and fattening bulls – as well as tens of thousands of chickens. The fields are planted with wheat, barley, rapeseed, lupins and maize. Feed for the cattle is harvested from 200 hectares of meadows. The farm is a success story, built on good cooperation. But standing still is not an option. The modernisation of the dairy cattle and barn facilities in Kutzerow is already planned, as is the renovation of the barn in Fahrenholz. New, high-performance machines will make the farm more efficient. "There is no standing still in farming," summarises Josef Menke. "There is always something to improve – the barns, the machinery or the processes. If you don't invest today, you'll be left behind tomorrow. That's why we are constantly planning to keep the business fit for the future."

Brief profile of Sparkasse Uckermark

Sparkasse Uckermark is a leading business partner in the region. Its 200 employees are not only closely connected to the Uckermark region, they also understand the specific challenges and opportunities facing local farming and support local farmers in all their projects with sound advice and quick decisions. Headquartered in Prenzlau, Sparkasse Uckermark has seven other branches and manages a total of over EUR 1 billion in customer deposits.

↘ www.spk-uckermark.de

4. MANAGEMENT REPORT

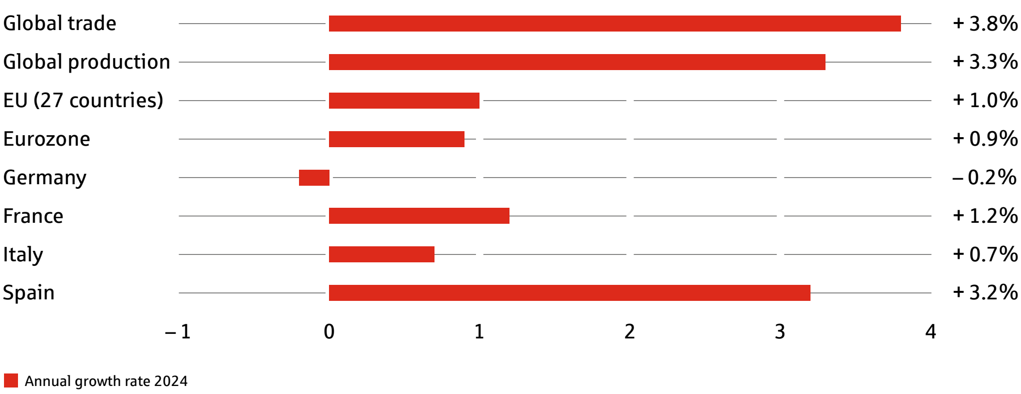
Economic report

Overall economic situation

The global economy proved to be quite robust in 2024 despite the international crises. It continued to grow at a moderate pace. According to figures from the International Monetary Fund, the global growth rate of 3.3% was at a similar level to the previous year. The recent trade policy tensions were only beginning to emerge towards the end of 2024 and had not yet had a significant impact on global trade. Global trade grew by 3.8%, no longer significantly faster than global production, but still noticeably stronger than in the previous year.

Emerging economies in particular once again recorded above-average growth in 2024. Within this group, however, China's economic growth was lower than in previous years, mainly due to structural problems within the country. Nevertheless, the official growth rates of 5.0% were still above the global average. Among the advanced economies, the US once again performed quite strongly with growth of 2.8%. The inflation rates, which were still very high in many countries in 2023, were largely reduced in most cases in 2024.

GDP growth in selected countries [1]



[1] Actual data for European countries from official statistics, source: Eurostat, data as of 24 April 2025;
World trade and global production according to the International Monetary Fund: World Economic Outlook dated 22 April 2025.

The inflation problem has also been largely overcome in Germany and Europe. According to the national consumer price index, prices in Germany rose by 2.2% on average in 2024. Nevertheless, economic momentum on the continent was relatively weak. At the level of the eurozone as a whole, however, the ongoing recovery remained intact. Gross domestic product growth reached 0.9% in the eurozone, albeit with significant differences between individual countries. Spain, which has been leading the growth trend among the major European countries for several years now, was able to reassert its role.

Germany, on the other hand, brought up the rear. The country once again experienced stagnation. With an officially reported decline in price-adjusted gross domestic product of 0.2%, one could even speak of a slight recession. However, the term is not appropriate with regard to the duration and timing. The individual quarterly rates did not show any significant fluctuation, but hovered close to zero. Therefore, 2024 was not really a recessionary cyclical downturn. Such a corrective adjustment would not be so serious. Germany's problem is rather a lasting and therefore structural weakness in

[1] Aggregation of individual economies using purchasing power-weighted exchange rates according to the IMF's World Economic Outlook of 22 April 2025. The figures for China and emerging markets as a whole in the following paragraph are also taken from this source.

growth. Production had already contracted slightly in 2023. 2024 was the second consecutive year of decline. Furthermore, the start of the new year and current forecasts indicate that 2025 could be the third year of stagnation.

In terms of sectors, it is primarily industrial production that is showing weakness in Germany. It has been declining since 2019 and remains well below pre-coronavirus levels. Only the service sector bucked the trend and stabilised its overall economic development. Unfortunately, it is not the service sectors that are exposed to international market competition that are excelling in terms of growth and productivity gains. Rather, it is primarily government-dominated sectors, in particular healthcare.

This is also where the rise in employment was greatest. In other sectors, particularly in industry, there were significant redudancies in 2024 for the first time in several years. Previously, many companies had maintained their workforces at the same level even when capacity utilisation was low – against the backdrop of demographic developments and the much-lamented shortage of skilled workers. However, the length of the economic downturn became increasingly apparent in 2024, leading to layoffs after all. The unemployment rate as defined by the Federal Employment Agency rose by 0.3 percentage points to 6.0%. The average number of people in employment in Germany rose slightly over the year. It is therefore likely to have passed its long-term peak, already falling slightly during the course of the year.

In the breakdown of gross domestic product by use, it was primarily consumption that supported economic development. With stable employment, rising wages and largely contained inflation, the purchasing power of private household income increased significantly. Nevertheless, real private consumption rose by only 0.3%, indicating a noticeable reluctance to spend in contrast to the positive income trend. Following the lack of opportunities for consumption during the pandemic, the ratio of consumption to savings returned to normal in 2022 and 2023. Recently, however, the trend has reversed again. The savings rate rose by one percentage point to 11.4% in 2024.

Investment activity was even weaker. The uncertain economic environment, the stagnating economy, the resulting low capacity utilisation and the high interest rates that persisted throughout parts of the year gave companies little reason to expand their capital stock. Adjusted for price changes, equipment investment declined by 5.5% in 2024. Construction investment also continued to decline in 2024, falling by 3.3% in real terms from the already significantly lower level of the previous year. Civil engineering fared better than building construction. Over the course of the year, residential construction, which accounts for the lion's share of building construction, stabilised at a low level.

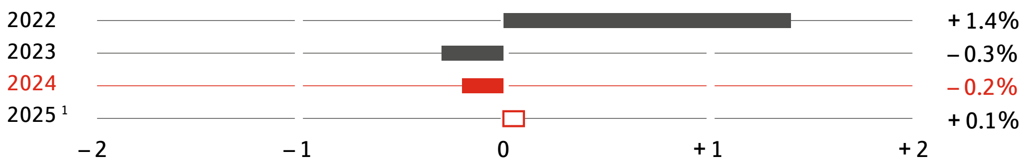
German exports of goods and services declined by 1.1% in real terms in 2024. Against the backdrop of economic growth in most trading partner countries and thus a fundamentally growing sales market, the decline in German exports indicates a loss of competitiveness on the part of the German economy. German exporters continued to lose market share on global markets in 2024. Germany's imports stagnated almost completely, recording only a minimal increase of 0.2% in real terms. Overall, foreign trade thus had a dampening effect on growth, leading to a slight decline in gross domestic product. Without this negative impulse, domestic consumption would have enabled slight growth.

At first glance, Germany's current account surplus, which rose again in 2024, appears to contradict this development. At EUR 246.7 billion, it rose to near its historic high. This was due to different price developments for imports and exports. Germany's import prices fell significantly in 2024, mainly driven by a correction in energy prices, which had risen sharply in 2022. Their normalisation began in 2023 and continued in 2024. Germany's terms of trade improved further in 2024. Despite declining exports, the current account balance reached a high level of 5.7% of GDP due to more favourable import prices.

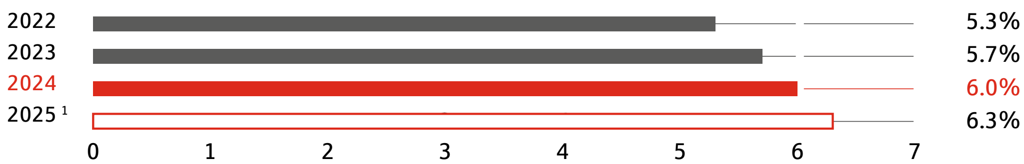
The strongest contribution to growth in 2024 came from government consumption, with price-adjusted growth of 3.5%. As already noted in the comments on employment trends, health expenditure increased particularly sharply. Overall, total government expenditure (federal, state and local government, social security) accounted for 49.5% of GDP. The government financing balance, which indicates the level of new borrowing, accounted for 2.8% of GDP. Gross debt reached 62.5% of GDP, remaining at the previous year's level. As nominal GDP growth kept pace with debt growth in 2024, the debt ratio remained stable.

Economic development – review and outlook for 2022–2025

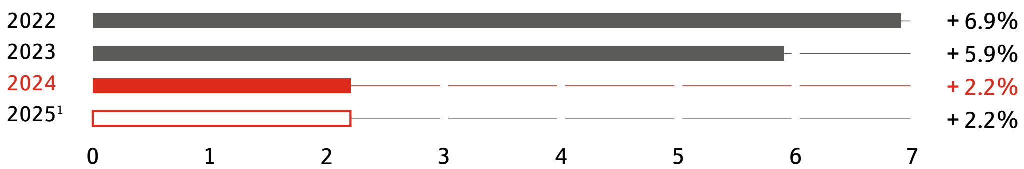
Growth in real gross domestic product (GDP) in % (Germany)



Unemployment rate as a percentage of the civilian labour force (Germany)



Change in the consumer price index in % (Germany)



Actual data for 2022 to 2024 from official statistics; Destatis and Federal Employment Agency.
[1] Forecasts for 2025 from the "Spring Report", joint diagnosis of the German economic research institutes dated 10 April 2025.

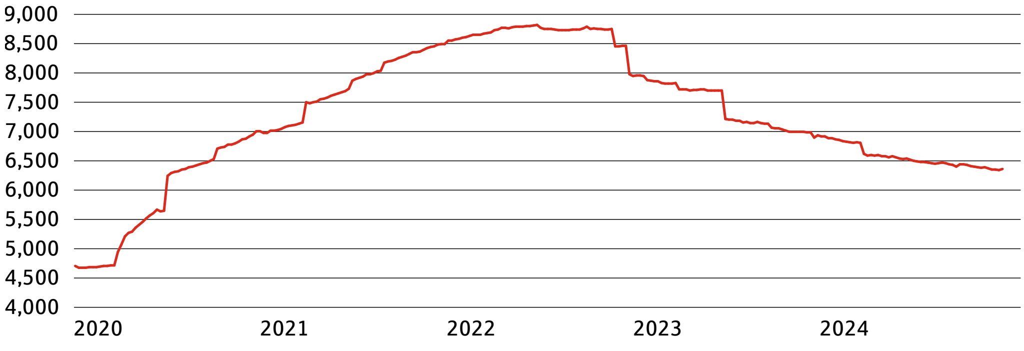
Developments on the money and capital markets

Inflation in the eurozone was largely brought under control, allowing the European Central Bank (ECB) to complete the cycle of interest rate hikes it began in the summer of 2022 in the autumn of 2023. The key interest rate initially remained at the high point of this cycle in the first half of 2024. The deposit facility rate, which is currently the key interest rate relevant for money market and capital market activity, stood at 4.0% during this period. The first key interest rate cut came in June 2024, followed by three further cuts by the end of 2024. This resulted in a total of four cuts of 25 basis points each. The key interest rate thus reached the 3% mark at the turn of the year.

A special feature of the interest rate adjustment in September was that the other key interest rates – the marginal lending rate and the rate for main refinancing operations – were brought closer to the deposit rate. The spread between the deposit rate and the main refinancing rate is now only 15 basis points, down from the previous 50 basis points. The ECB has thus implemented a measure announced six months earlier as a result of its strategy review. With this review, the ECB aims to prepare for a normalisation of its monetary policy after the extraordinary measures taken in recent years. However, until further notice, the narrowing of the margins between the individual tranches is likely to have little effect as long as there is still a large amount of excess liquidity. In the coming years, there will still be more central bank money created through bond purchases in circulation in the market than commercial banks need to meet their minimum reserve requirements. The use of main refinancing tenders by credit institutions remains the exception for the time being, with the "parking" of liquidity in the deposit facility being the standard case.

In 2024, the Eurosystem made replacement purchases for maturing securities under the Pandemic Emergency Purchase Programme (PEPP) – initially in full, then only partially in the second half of the year. At the end of the year, the additional purchases were discontinued altogether. In the other bond purchase programmes, the central banks had already moved to a complete reduction of their holdings at maturity in 2023. This will lead to a gradual reduction in the consolidated balance sheet total of the Eurosystem. In 2024, the balance sheet total fell from around EUR 6.9 trillion at the beginning of the year to around EUR 6.4 trillion at the end of the year.

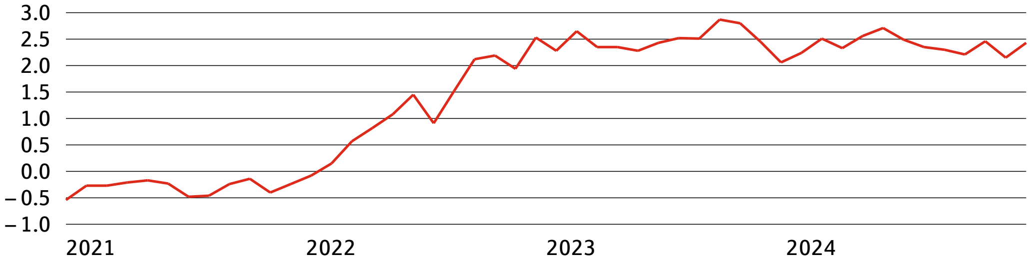
Consolidated balance sheet total of the Eurosystem, in EUR billion



Source: European Central Bank

The capital markets had already anticipated and priced in the shift in key interest rates. The upcoming key interest rate adjustment was already foreseeable given the easing inflation rates. The previously observed rise in government bond yields came to a halt in 2023. In 2024, yields moved mostly sideways. Measured by the yield on ten-year German government bonds, they fluctuated between 2.10% and 2.71% over the course of the year. At the end of 2024, they were even slightly higher than at the beginning of the year, at 2.43%. Ultimately, the disinflation process did not proceed as quickly and smoothly as expected. In addition, there was new political uncertainty at the end of 2024. The resulting higher capital requirements were already gradually becoming apparent.

Yield on ten-year German government bonds in %

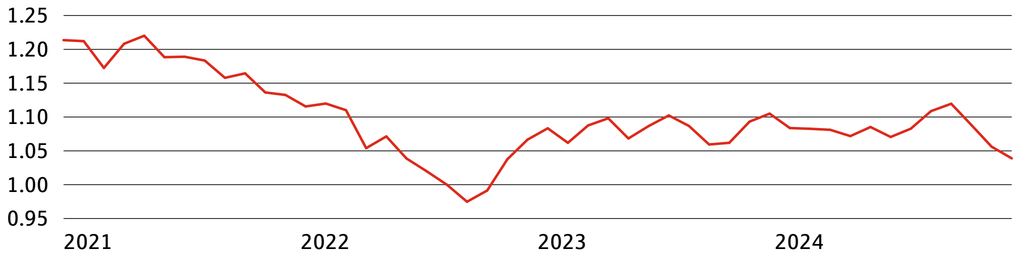


Source: Deutsche Bundesbank

Share prices performed very well in 2024. This may come as a surprise for the German stock index (DAX) given the very weak overall economic development in Germany and the political turmoil. One explanation for this is that many of the large companies included in the index are also active in numerous foreign markets where the real economy performed better. The scale of the upcoming trade disputes was not yet foreseeable at the turn of the year. Furthermore, the interest rate cuts that were implemented are likely to have stimulated share prices. From 16,752 points at the end of 2023, the DAX rose to 19,909 points at the end of 2024, corresponding to an annual performance of 18.8%.

The foreign exchange market was again very calm among the major currencies in 2024. The exchange rate between the US dollar and the euro moved sideways in a very narrow range around the 1.10 USD / EUR mark. The US dollar even showed signs of strength at the end of the year at a rate of 1.04 USD / EUR. President Trump had already been elected at this point, although he had not yet taken office. The tariff measures had been announced in principle. However, their form and extent had not yet been priced in. The markets did not express their mistrust until March 2025.

USD / EUR exchange rate



Source: European Central Bank

Key markets and positioning

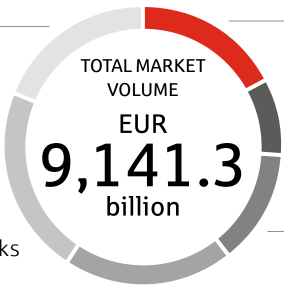
General overview

At the end of 2024, the institutions of the Savings Banks Finance Group [1] had a combined business volume [2] of EUR 2,403.3 billion. With a total market volume of EUR 9,141.3 billion in Germany, this represents a share of 26.3%.

The Savings Banks Finance Group‘s share of the German banking industry’s on-balance-sheet banking business thus remained largely stable. In contrast to the previous year, the Savings Banks’ business volume increased by 1.7%; the volume of the Landesbanken also rose by 3.4%. Savings Banks account for around 66% of the Savings Banks Finance Group‘s business volume, while the Landesbanken account for around 34%.

In a long-term comparison, the Savings Banks have consistently expanded their business volume through growing customer business. This has risen by around 48% at the Savings Banks since 2008. From 2008 to 2016, the business volume of the Landesbanken more than halved. This reflects the strategy-driven process of resizing. The business volume of the Landesbanken has been growing again since 2017, demonstrating the successful further development of their business models.

Market shares by business volume* at the end of December 2024 in %
As at 31 December 2024



* Excluding derivative financial instruments in the trading portfolio.

Against a backdrop of difficult economic conditions and low corporate investment, the German banking industry’s customer business was once again characterised by weak momentum in corporate lending in the 2024 financial year. The increase in the volume of private residential construction loans was relatively modest, but again slightly stronger than in the previous year. The consumer loan portfolio rose only slightly in the market as a whole.

[1] In this chapter, the term “Savings Banks Finance Group” refers to the Savings Banks and Landesbanken (excluding foreign branches and domestic and foreign subsidiaries of the Landesbanken). The Landesbausparkassen are not included here. In the data of the Deutsche Bundesbank, Landesbank Berlin/Berliner Sparkasse has no longer been classified as a Landesbank since December 2018. It is listed under Savings Banks.
[2] Excluding trading derivatives and repurchased own debt securities.

Inflows from private deposits were significantly higher than in the previous year due to high wage settlements and the increased propensity to save in a medium-term comparison; companies were even able to expand their liquidity somewhat more strongly.

In the customer lending business, the Savings Banks Finance Group recorded a slight decline in market share for corporate loans and private housing loans in the 2024 financial year. Its share of the consumer lending business also declined in a weak market; however, this decline is significantly offset by the inclusion of Sparkassen Kreditpartner GmbH (SKP) in the figures.

In the deposit business with private customers, the Savings Banks Finance Group was largely able to maintain its position in 2024 despite slight declines in market share. Measured by its share in this business segment, it remains well ahead of the other banking groups. The Savings Banks Finance Group's share of domestic corporate deposits remained unchanged in the reporting year, but the Group was able to expand its market position significantly in the medium term.

Corporate lending

Following a slowdown in growth of 1.2% in the previous year, the total market volume for corporate loans increased at a similar rate in the 2024 financial year: It rose by EUR 21.3 billion or 1.1% to EUR 1,869.9 billion, once again contrasting sharply with the extremely strong growth of previous years. While companies and the self-employed responded to supply chain problems and rising costs by expanding their borrowing in 2022, the gloomy economic outlook and higher interest rates left clear traces of a slowdown in customer lending in the two following years.

Due to the comparatively weaker increase in assets of EUR 3.6 billion or 0.5%, the Savings Banks Finance Group recorded asset growth that was slightly below the banking industry average. The volume of loans rose at Savings Banks but declined at Landesbanken: Savings Banks grew by 0.9% (or EUR 4.8 billion), while Landesbanken declined by 0.6% (or EUR 1.1 billion).

Market shares of corporate loans* at the end of December 2024 in %
As at 31 December 2024

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

The volume of corporate loans issued by the Savings Banks Finance Group amounted to a total of EUR 742.7 billion at the end of 2024. This represents a market share of 39.7%, with Savings Banks accounting for 30.2 percentage points and Landesbanken for 9.5 percentage points.

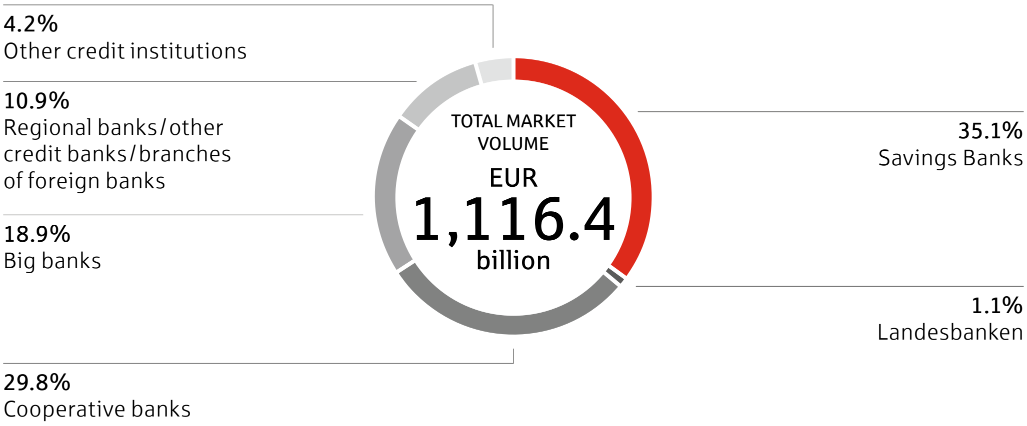
This means that the Savings Banks Finance Group remains the most important financial partner within the German banking industry, especially for small and medium-sized enterprises. It is followed at a considerable distance by cooperative banks with 21.5%, regional and other credit banks[3] with 16.7% and big banks with 10.9%.

Loans to private customers

Demand for loans for private residential construction has grown stronger every year since 2017. The year 2022 marked a turning point in the wake of sharply rising property prices and construction costs as well as interest rate hikes. In the 2024 reporting year, the total market volume of private housing loans increased again slightly more strongly than in the previous year due to a recovery in new business, even though growth remained weak in a medium-term comparison. Loans for private residential construction rose by EUR 9.9 billion or 0.9% to EUR 1,116.4 billion. Persistently high construction, property and land prices led to a slight increase in loan portfolios.

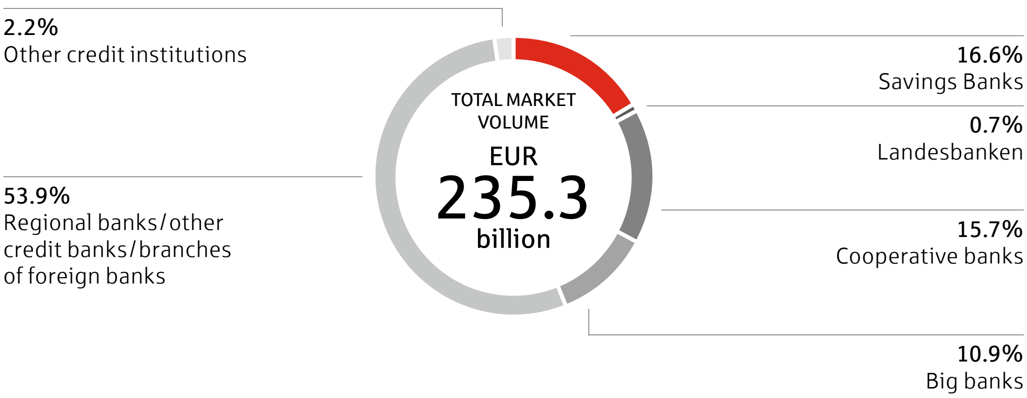
The Savings Banks Finance Group was able to expand its portfolio slightly in 2024. The portfolio volume increased by EUR 2.1 billion to EUR 403.6 billion. The Savings Banks account for 35.1% of the total market. Together, Savings Banks and Landesbanken have a market share of 36.2%. The second strongest group of institutions are cooperative banks with a share of 29.8%, followed by the big banks with a share of 18.9% and regional and other credit banks with a share of 10.9%.

Market shares of private housing loans at the end of December 2024 in %
As at 31 December 2024



In contrast to the previous year, which saw a slight decline in volumes, consumer lending picked up again slightly across all banking groups in 2024. However, the market volume rose by only EUR 0.6 billion, or 0.3%, to EUR 235.3 billion at the end of 2024. The institutions of the Savings Banks Finance Group recorded a decline in their portfolio of EUR 1.6 billion or 3.8% (previous year: –3.2%) and lost some market share. With a portfolio volume of EUR 40.7 billion and a share of 17.3%, the Savings Banks Finance Group is well behind the regional and other credit banks[3] (share: 53.9%), but remains in second place. The market is dominated primarily by regional and other credit banks, which include almost all special-purpose lenders (e.g. instalment banks and car banks). These were able to further expand their share of the consumer loan business in 2024. However, when evaluating these figures based on Bundesbank statistics, it should be noted 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 21.1%. Compared to 2023, the market position of the Savings Banks Finance Group, including SKP, has declined less sharply.

Market shares for consumer loans at the end of December 2024 in %
As at: 31 December 2024



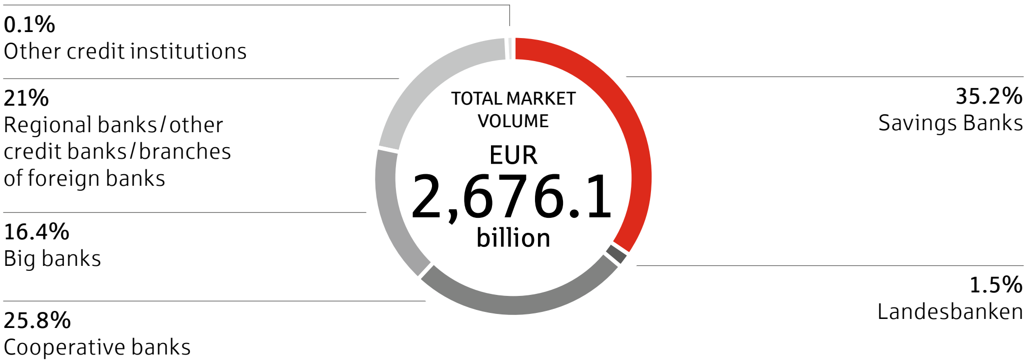
Deposits from private customers

The total market volume of deposits from private individuals[4] increased by 3.9% to EUR 2,676.1 billion last year. At EUR 99.2 billion, the absolute increase was well above the previous year's figure (EUR 53.7 billion). This means that the low point in deposit formation reached in the previous year has been overcome.The propensity to save is currently high due to economic uncertainty. At the same time, high real wage growth means that private individuals can afford to save more again.

There were varying developments within the individual investment categories in the reporting year: The overall market recorded continued outflows in savings deposits. There was a reversal of the trend in sight deposits: While sight deposits declined by 7.2% in the previous year, the volume increased by 1.2% in 2024. As in the previous year, private time deposits and savings certificates rose sharply, driven by interest rates. The market segment for time deposits from private customers in particular multiplied due to the interest rate trend since 2022.

[3] Including branches of foreign banks.
[4] Excluding term deposits with a maturity of more than two years.

Market shares of deposits from private individuals* at the end of December 2024 in %
As at: 31 December 2024



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

Developments in the Savings Banks Finance Group followed general market trends in the individual deposit categories, but it was able to gain market share, particularly in sight deposits and savings certificates.

On the one hand, developments in 2024 show continued growth in interest-bearing deposits from private customers, primarily due to higher interest rates. On the other hand, consumers' ability to save increased as a result of real income growth due to wage increases in 2024. In addition, sight deposits rose again, partly reflecting the need for greater liquidity due to economic uncertainty.

In the 2024 reporting year, the Savings Banks Finance Group recorded an increase of EUR 32.0 billion or 3.4% (previous year: –1.8%) in deposits from private individuals to EUR 983.3 billion. Nevertheless, the inflow of deposits led to a slight decline in market share. The Savings Banks Finance Group achieved a market share of 36.7% at the end of the year.

The Savings Banks Finance Group remains the market leader in deposit business with private customers, ahead of regional and other credit banks [5], which reported deposits of EUR 560.5 billion and a market share of 21.0%. This includes regional and other credit banks with a share of 17.9% (including all direct and "car banks"). The Savings Banks Finance Group is also ahead of the cooperative banks, which are also strongly anchored in the retail business.

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 1,229.3 billion at the end of 2024.

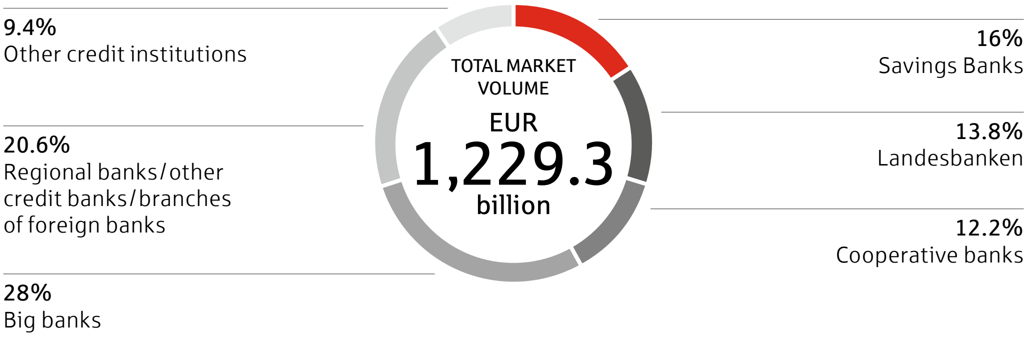
[5] Including branches of foreign banks.

Domestic corporate deposits have recorded inflows every year since 2020. After an increase of EUR 9.0 billion or 0.8% in 2023, inflows rose again significantly in the 2024 financial year to EUR 56.4 billion or 4.8%. Companies increased their liquidity in the reporting year in order to be better prepared for greater economic uncertainty and rising costs.

The trend was largely similar across most banking groups. The volume of corporate deposits at Savings Banks increased by EUR 5.3 billion or 2.8% in the reporting year, while their market share fell slightly to 16.0%.

The Landesbanken increased the volume of deposits held by domestic companies to EUR 169.6 billion at the end of 2024 (end of 2023: EUR 157.8 billion). The Landesbanken strengthened their market position in deposits from domestic companies with a market share of 13.8%. Together with the Savings Banks, the Landesbanken had a largely stable market share of 29.8% in this deposit segment at the end of 2024.

Market shares of deposits from domestic companies at the end of December 2024 in %
As at 31 December 2024



In 2024 companies had to be adaptable and risk-aware – Savings Banks provided support for national and international transactions

The German economy continued to face challenges in 2024, particularly in foreign trade, interest rate developments and the currency environment. These factors had a significant impact on companies' investment decisions and risk management.

Foreign trade in 2024: declining exports and imports

German exports amounted to EUR 1,555.4 billion in 2024, representing a decline of 1.3% compared with the previous year. Imports fell by 3.0% to EUR 1,316.3 billion. Despite these declines, the export surplus rose to EUR 239.1 billion, compared with EUR 217.7 billion in 2023. (cf. ↘ Exports, Federal Statistical Office)

As in 2023, Germany's most important export goods in 2024 were motor vehicles and parts, with an export value of EUR 263 billion and a 17% share of total German exports. Machinery ranked second with a volume of EUR 217 billion, followed by chemical products with a volume of EUR 139 billion. The United States was the most important destination for German goods in 2024, followed by France and the Netherlands.

Most goods imported into Germany in 2024 came from the People's Republic of China. These imports amounted to EUR 156.2 billion. The Netherlands ranked second with goods worth EUR 93.7 billion, followed by the USA with EUR 91.6 billion. (cf. ↘ Federal Statistical Office)

Interest rate trends: easing of monetary policy
The European Central Bank (ECB) began to ease its monetary policy in mid-2024, lowering interest rates by 25 basis points for the first time in June. In September, October and December, it lowered the key interest rate by a further 75 basis points (see ↘ ECB Annual Report 2024). These interest rate cuts made it easier for companies to invest. This development was particularly noticeable in the fourth quarter, also in long-term interest rates, in the form of more attractive interest rate hedging opportunities in the range of 2.00% to 2.50% for a term of ten years. The interest rate trend once again highlighted how important it is for companies to hedge against interest rate fluctuations, but also to take advantage of opportunities offered by interest rate developments.

Currency trends: Euro under pressure
The euro lost value in 2024, reaching lows of around 1.04 US dollars due to economic uncertainty and protectionist measures in the US. On average, one euro was worth around 1.08 US dollars in 2024. Compared to its peak in 2008, the value of the euro has thus fallen by around 26.5%. At that time, one euro was still worth around 1.47 US dollars. ↘ Average dollar exchange rate until 2024 | Statista Export-oriented companies benefited from the devaluation of the euro, as their products became cheaper on the world market. Import-dependent companies were faced with higher costs, especially for raw materials and intermediate products. Here, too, companies had to and still have to take measures to hedge against risks, but also to take advantage of opportunities.

The services offered by the Savings Banks include international payments, payment security via documents, foreign trade financing and interest rate, currency and commodity management. When developing new solutions, the focus is always on added value for customers. With S-Treasury Mittelstand, for example, Savings Banks offer a smart, digital solution that makes it easy to keep an eye on foreign exchange markets at all times. However, the focus of the advisory services is not only on interest rate and currency management, but also on commodity management. Since the end of 2024, Savings Banks have been able to offer trading in CO_2 emission allowances to companies that are subject to emissions trading.

Export financing and foreign investments also need to be secured. ECA-covered financing is a possible solution, particularly in the area of export financing. Thanks to a cooperation between Deutsche Leasing and AKA Bank, export-oriented customers of the Savings Banks and Deutsche Leasing benefit from an efficient solution for ECA-covered buyer credits ranging from financing values of EUR 850,000 or US dollars to projects worth tens of millions. Financing requests can be generated for more than 80 import countries using an accelerated, digital application process. This provides the Savings Banks' and Deutsche Leasing's export customers, who are predominantly small and medium-sized enterprises, with access to export financing solutions.

Together with their affiliated companies, Savings Banks are professional partners to their corporate customers – locally and around the world. The S-Internationals [6] are the centres of expertise for international corporate banking, combining many years of experience in international business with a comprehensive range of services and products. The S-Internationals draw on an international network of over 10,000 correspondent banks at around 100 locations worldwide. Depending on customer requirements, the Landesbanken, Deutsche Leasing and S-CountryDesk [7] support customers directly on site and in German during important meetings.

The S-weltweit app provides companies with digital and mobile access to key information for international business. With information on business conditions and the Savings Banks Finance Group's EuropaService [8] business partner search, users can find new customers and suppliers and explore new markets from their desks. This is an important contribution to diversifying business relationships and reducing unilateral dependencies – a decisive competitive advantage, especially in economically volatile times.

The European Savings and Retail Banking Group (ESBG) and the World Savings and Retail Banking Institute (WSBI) are further hubs for cross-border cooperation with and between Savings Banks and regional banks around the world.

↘ WSBI ESBG – WSBI ESBG

[6] https://www.dsgv.de/sparkassen-finanzgruppe/organisation/S_Internationals.html
[7] S-CountryDesk is another international network of the Savings Banks Finance Group. It brings together specialist knowledge from many partners and bundles it into a complete service package. This has many benefits for business owners. https://www.sparkasse.de/fk/produkte/auslandsgeschaeft/internationales-netzwerk/s-country-desk.html
[8] Your partner for advice and information throughout Europe (dsgv.de). https://europaservice.dsgv.de/

Business development and economic situation

Development of institutions affiliated with the Institution Protection Scheme[1] – aggregated view

The Savings Banks Finance Group recorded a slight improvement in its operating results in the 2024 financial year compared with the strong figure for the previous year.

Net interest and commission income once again developed very positively in the reporting year. At the same time, however, the Savings Banks Finance Group's earnings position in the reporting year was also impacted by a slightly higher valuation result[2] due to the economic stagnation. Overall, this resulted in a further increase in net income (before and after taxes) compared with 2023.

↘ Further information on the business performance of the Savings Banks, Landesbanken and Landesbausparkassen can be found on pages 49, 57 and 62.

In operational terms, the Savings Banks Finance Group achieved an operating result before valuation of EUR 23.5 billion in 2024, which was again higher than in the previous year (EUR 22.1 billion). Against the backdrop of a moderate increase in administrative expenses, this growth is attributable to both improved net interest income and net commission income in the 2024 financial year. Net interest income rose to EUR 38.8 billion, exceeding the already very good result of the previous year (EUR 37.1 billion). At the same time, the Savings Banks Finance Group's net commission income increased by 5.9% to EUR 12.3 billion. Net trading income (net income from financial transactions), which is only relevant for the Landesbanken within the Savings Banks Finance Group, declined slightly to EUR 1.0 billion (2023: EUR 1.1 billion).

Administrative expenses rose by 3.4% to EUR 30.3 billion due to higher personnel expenses in 2024. Despite various cost increases, total operating expenses remained largely unchanged (+0.4%).

The cost-income ratio[3] for the entire Savings Banks Finance Group improved again in the 2024 financial year to 56.3% (previous year: 57.0%). This was mainly due to the increase in net interest and commission income.

The Savings Banks Finance Group's valuation result for 2024 was slightly weaker than in the previous year due to higher risk provisions in the lending business. Net valuation expenses increased from EUR 4.0 billion in 2023 to EUR 4.9 billion in 2024. In particular, additional risk provisions were recognised for lending business due to existing uncertainties, such as the unstable geopolitical situation and the continuing gloomy economic outlook. This further strengthened resilience against possible future loan defaults.

At first glance, the extraordinary result[4] had a significant negative impact on the Savings Banks Finance Group's earnings position in 2024 in the previous financial year. At EUR 8.6 billion, the negative balance was roughly on a par with the previous year's figure. However, the majority of this expense can be attributed to additions to the fund for general banking risks – and thus to the strengthening of equity capital; these amounted to a very high EUR 9.2 billion in 2024.

[1] This section provides an aggregate view of developments at Savings Banks, Landesbanken and Landesbausparkassen (excluding Landesbanken with foreign branches, domestic and foreign subsidiaries and LBS).
[2] Write-downs and value adjustments on loans and securities in the liquidity reserve (net of income from write-ups on loans and securities in the liquidity reserve) and changes in provisions in accordance with Section 340f of the German Commercial Code (HGB).
[3] Administrative expenses in relation to operating income (total of net interest and 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, additions to and withdrawals from the fund for general banking risks in accordance with Section 340g of the German Commercial Code (HGB) are also included in "extraordinary income".

In total, the member institutions of the Savings Banks Finance Group achieved a pre-tax profit of around EUR 10.0 billion in 2024. This represents a further improvement on the 2023 financial year, which the Group closed with a very strong pre-tax profit of EUR 9.6 billion. After taxes, the Savings Banks Finance Group recorded an increase in net income for 2024 of EUR 4.8 billion (2023: EUR 4.3 billion) compared to the previous year.

Selected key figures for the Savings Banks Finance Group *

Selected balance sheet items

	Portfolio year end 2024 in EUR billion	Portfolio year end 2023 in EUR billion	Change in %
Loans and advances to banks (MFIs [1])	**430.2**	425.0	+ 1.2
Loans and advances to non-banks (non-MFIs)	**1,496.0**	1,478.6	+ 1.2
Liabilities to banks (MFIs)	**342.1**	370.2	– 7.6
Liabilities to non-banks (non-MFIs)	**1,562.9**	1,515.2	+ 3.1
Equity	**198.0**	187.6	+ 5.6
Total assets	**2,536.9**	2,492.8	+ 1.8
Core capital ratio in accordance with CRR [2] (in %; change in percentage points)	**16.8**	16.0	+ 0.8

Selected income statement items [3]

	2024 [4] in EUR billion	2023 in EUR billion	Change in %
Net interest income	**38.78**	37.14	+ 4.4
Net commission income	**12.26**	11.58	+ 5.9
Net income from financial transactions	**1.01**	1.07	– 6.2
Administrative expenses	**30.35**	29.36	+ 3.4
Operating result before valuation	**23.53**	22.12	+ 6.4
Operating result after valuation	**18.63**	18.15	+ 2.7
Net income before taxes	**10.01**	9.60	+ 4.2
Income taxes	**5.22**	5.33	– 2.1
Net income after taxes	**4.78**	4.26	+ 12.2
of which net income after taxes of the Savings Banks	**2.55**	2.53	+ 0.6
of which net income after taxes of the Landesbanken	**2.15**	1.63	+ 31.9
of which net income after taxes of the Landesbausparkassen	**0.08**	0.10	– 16.4

* Savings Banks Finance Group: 1. Savings Banks, 2. Landesbanken excluding foreign branches, excluding domestic and foreign Group subsidiaries, excluding LBS, 3. Landesbausparkassen (legally independent LBS and legally dependent divisions of the Landesbanken).

[1] Monetary Financial Institutions.

[2] Capital Requirements Regulation (Capital Adequacy Directive).

[3] The allocations to the fund for general banking risks in accordance with Section 340g of the German Commercial Code (HGB) are recognised here – as in the “original” income statement in accordance with the HGB – as expenses reducing the net income for the year; In the DSGV financial reports up to 2010, these “Section 340g allocations” were treated as profit appropriation increasing the annual result in line with the income statement statistics of the Deutsche Bundesbank.

[4] Preliminary figures from partly unaudited annual financial statements in accordance with the German Commercial Code (HGB); rounding differences possible.

The medium-term increase in the Savings Banks Finance Group's aggregate total assets continued in the past financial year after a slight decline in 2023. This was due to the expansion of the customer lending and deposit business. At the same time, the Group continued to record growth in its securitisation business.

The Savings Banks Finance Group's total assets increased by 1.8% to EUR 2,536.9 billion at the end of 2024 (previous year: – 1.8%). Loans and advances to banks expanded by 1.2%, while liabilities to banks decreased by 7.6%. At the same time, both the customer lending business and the customer deposit business were expanded. Loans and advances to non-banks increased by 1.2% to EUR 1,496.0 billion. Liabilities to non-banks of the Savings Banks Finance Group rose by 3.1% to EUR 1,562.9 billion.

The Savings Banks Finance Group's balance sheet equity increased again in 2024, growing by 5.6% to EUR 198.0 billion (previous year: + 2.1%). The Group thus further improved its equity base in the past financial year.

198.0
EUR billion
BALANCE SHEET EQUITY OF THE SAVINGS BANKS FINANCE GROUP

The Savings Banks Finance Group's core capital as determined in accordance with CRR / CRD IV increased to EUR 197.9 billion at the end of 2024 (end of 2023: EUR 186.9 billion). Despite a slight increase in the total risk exposure to EUR 1,179.4 billion (end of 2023: EUR 1,166.2 billion), the Savings Banks Finance Group's core capital ratio rose to 16.8% at the end of 2024 (end of 2023: 16.0%).

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

Business performance of the Savings Banks

The Savings Banks' total assets increased moderately in 2024 by EUR 26.1 billion or 1.7% to EUR 1,538.8 billion. The number of Savings Banks decreased by five to 348 (previous year: 353).

1,538.8
EUR billion
BALANCE SHEET TOTAL OF THE SAVINGS BANKS

Demand in the customer lending business improved slightly compared with the weak previous year. New business was up by more than 10% on 2023. However, the Savings Banks recorded lower growth in their portfolios compared with the previous year, with an increase of EUR 10.5 billion or 1.0% to EUR 1,030.9 billion.

Customer deposits at Savings Banks rose moderately again in 2024 after declining in 2023, increasing by EUR 33.8 billion (+ 2.9%) to EUR 1,182.3 billion. With short-term interest rates falling significantly over the course of the year, there was further growth in time deposits and own issues (especially Savings Bank notes), and sight deposits also increased. Savings deposits, on the other hand, declined.

In the customer securities business, Savings Banks recorded record turnover of EUR 199.1 billion, up 23.6% on the previous year. Net sales (purchases minus sales) amounted to EUR 8.5 billion.

Accordingly, Savings Bank customers invested EUR 42.3 billion in deposits and securities with their Savings Banks, significantly more than in the previous year, but also significantly less than in the years 2018 – 2022.

Earnings situation

The earnings situation of the Savings Banks' operating business (operating result before valuation) improved further in the 2024 financial year. Both the expansion of net interest income and the higher net commission income contributed to this positive development. The 2024 income statement of the Savings Banks is also characterised by only moderate growth in administrative expenses compared with the previous year. In addition, valuation expenses were reduced slightly.

The Savings Banks' operating business continues 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 a further increase of 1.8%, the Savings Banks once again achieved an outstanding net interest income of EUR 28.7 billion in the 2024 financial year (previous year: EUR 28.2 billion).

This positive development is mainly attributable to the sharp rise in net interest income from derivatives from interest rate hedging transactions, while net interest income from the balance sheet decreased. On the one hand, margins in the deposit business fell due to increasing interest rate adjustments and shifts to higher-yielding investment forms. On the other hand, the banks managed to slightly expand their lending margins in 2024. However, income from maturity transformation remained negative in the reporting year due to the continuing inverted interest rate structure.

The Savings Banks' net commission income rose significantly by 5.8% to EUR 10.3 billion (previous year: EUR 9.7 billion). This improvement in earnings is attributable to an increase in commission income from customer securities business as well as from current account/cash payment transactions and card business.

With inflation falling, the Savings Banks recorded a significantly lower increase in costs compared with the previous year. Administrative expenses in the 2024 financial year rose by only 3.4% to EUR 22.4 billion (previous year: EUR 21.7 billion). The banks recorded an increase in material expenses to EUR 8.8 billion (+1.7%) in the reporting year. Price increases were seen across the board, but modernisation investments were carried out thanks to the good operating results, which were reflected in the costs for operating and office equipment and for land and buildings. IT costs also rose significantly: increasing regulatory requirements and the digitalisation and standardisation of processes once again necessitated additional IT investments. The Savings Banks will benefit considerably from the fact that the bank levy will not be payable in 2024.

In contrast, personnel expenses rose by 4.5% in 2024 to EUR 13.6 billion (previous year: EUR 13.0 billion). Significant staff increases – as part of efforts to secure young talent and skilled workers – and substantial wage increases again had a noticeable impact on personnel expenses.

Overall, however, the cost-income ratio[5] remained largely stable in the 2024 financial year, reaching 56.3% (previous year: 56.1%).

Operating profit before valuation thus increased to EUR 17.4 billion (previous year: EUR 17.0 billion).

In terms of valuation results[6], the Savings Banks posted net valuation expenses of EUR 2.8 billion in 2024, which was slightly below the previous year's figure (EUR 2.9 billion). Thanks to declining capital market interest rates and slowly rising prices for fixed-income securities, the institutions were able to generate a net valuation gain on their securities business. In addition, as in the previous year, the Savings Banks are now gradually realising the returns from the high book value adjustment in 2022 as they fall due.

In the wake of economic stagnation, valuation expenses in the lending business rose again in 2024 to EUR 2.4 billion, but were down on the previous year (EUR 2.8 billion). With loan loss provisions that nevertheless remain significantly above the 2012–2022 level in 2024, the Savings Banks are strengthening their resilience in economically uncertain times. Overall, however, small and medium-sized enterprises have so far proved particularly resilient. They have been helped by their strong capital base and their ability to respond extremely flexibly to changing circumstances. In certain sectors, such as construction and retail, however, insolvency figures have risen significantly. The Savings Banks therefore increased their loan loss provisions again as part of their prudent valuation practice in order to build up buffers for possible defaults.

The Savings Banks' "extraordinary result"[7] in the 2024 financial year was again strongly influenced by allocations to the fund for general banking risks in accordance with Section 340g of the German Commercial Code (HGB). At EUR 8.0 billion, the increase in "Section 340g reserves" was once again above the previous year's peak (2023: EUR 7.4 billion). Accordingly, the total "extraordinary result" for 2024 closed with a slightly higher negative balance of EUR 7.5 billion compared with the previous year.

With a pre-tax profit for the year of EUR 7.1 billion, the overall result of the Savings Banks in the 2024 financial year exceeded the already high figure for the previous year (2023: EUR 6.9 billion).

Net income after deduction of income taxes for the 2024 financial year amounted to around EUR 2.5 billion, confirming the strong result of the previous year.

7.1
EUR billion
NET INCOME BEFORE TAXES OF THE SAVINGS BANKS

[5] Administrative expenses in relation to operating income.
[6] The valuation result comprises risk provisions in the lending business and additions to/reversals of contingency reserves in accordance with Section 340f of the German Commercial Code (HGB) as well as write-downs and value adjustments on loans and securities in the liquidity reserve (offset against income from write-ups of loans and securities in the liquidity reserve).
[7] Balance of other and extraordinary income/expenses. In contrast to the income statement statistics of the Deutsche Bundesbank, additions to and withdrawals from the fund for general banking risks in accordance with Section 340g of the German Commercial Code (HGB) are also included in "extraordinary income".

Selected balance sheet and income statement items of the Savings Banks

Selected items in the income statement of the Savings Banks [1]

	2024 [2] in EUR billion	2023 in EUR billion	Changes 2024 compared to 2023 in EUR billion	Changes 2024 compared to 2023 %
Net interest income	**28.71**	28.21	+ 0.5	+ 1.8
Net commission income	**10.30**	9.73	+ 0.6	+ 5.8
Net income from financial transactions	**0.01**	0.01	– 0.0	– 10.2
Administrative expenses	**22.40**	21.68	+ 0.7	+ 3.4
Personnel expenses	13.63	13.05	+ 0.6	+ 4.5
Operating expenses (including depreciation and amortisation)	8.77	8.63	+ 0.1	+ 1.7
Operating result before valuation	**17.42**	16.98	+ 0.4	+ 2.6
Valuation result (excluding investments)	**– 2.84**	– 2.94	+ 0.1	– 3.3
Operating result after valuation	**14.57**	14.04	+ 0.5	+ 3.8
Balance of other and extraordinary income / expenses [1,3]	**– 7.49**	– 7.19	+ 0.3	+ 4.1
of which: allocations to the fund for general banking risks in accordance with Section 340g of the German Commercial Code (HGB)	– 7.98	– 7.40	+ 0.6	+ 7.7
Net income before taxes	**7.09**	6.85	+ 0.2	+ 3.4
Income taxes	**4.54**	4.32	+ 0.2	+ 5.1
Net income after taxes	**2.55**	2.53	+ 0.0	+ 0.6
Return on equity before taxes (in %, changes in % points)	**10.5**	10.4	–	+ 0.1
Cost income ratio (in %, change in % points) [4]	**56.3**	56.1	–	+ 0.2

[1] As in the "original" income statement in accordance with HGB, allocations to the fund for general banking risks in accordance with Section 340g HGB are recognised here as expenses reducing the net income for the year.
[2] Provisional figures from annual financial statements that have not yet been fully audited in accordance with HGB; rounding differences are possible.
[3] This includes the balance of gains on the sale of financial investments and securities held as fixed assets, write-downs on / write-ups of financial investments and securities held as fixed assets, and changes in the fund for general banking risks in accordance with Section 340g of the German Commercial Code (HGB) (additions to the fund for general banking risks with a negative sign).
[4] Administrative expenses in relation to operating income.

1,030.9
EUR billion
CUSTOMER LOANS

Lending business

Total customer lending grew by EUR 10.5 billion in 2024. The Savings Banks thus expanded their portfolio slightly by + 1.0% to EUR 1,030.9 billion (previous year: + 1.1%).

Overall, Savings Banks again approved more new customer loans in 2024 than in the previous year; at EUR 143.4 billion, the previous year's figure was exceeded by + 10.7%.

Corporate lending is a mainstay of customer lending. In the course of 2024, Savings Banks granted EUR 80.2 billion in new loans to companies and the self-employed, despite difficult macroeconomic conditions; this represents an increase of EUR 3.4 billion or 4.4% over the previous year.

With an increase of EUR 4.6 billion (+0.8%), the Savings Banks recorded lower growth in their loan portfolio than in the previous year (EUR +11.1 billion, +2.1%). At the end of December 2024, the loan portfolio stood at EUR 543.9 billion. The weaker growth compared with the previous year – despite improved new business – is attributable to a stronger increase in repayments, which reduced the portfolio. These amounted to EUR 70.9 billion, up +3.7% on the previous year (EUR 68.4 billion).

Within corporate lending, investment and working capital loans declined by EUR 0.8 billion or 0.2% to EUR 351.5 billion in 2024 (previous year: +1.5%).The lending volume in commercial residential construction increased by +EUR 5.4 billion or +2.9% (previous year: +3.3%) to EUR 192.3 billion.

The Savings Banks recorded strong growth in new lending to private individuals in 2024.

Savings Banks granted new loans totaling EUR 52.3 billion, EUR 9.3 billion or 21.8% more than in 2023. The portfolio developed slightly positively again (EUR +1.4 billion or +0.3% to EUR 424.8 billion) after declining in the previous year.

The significant improvement in new business in private lending is primarily attributable to private residential real estate financing. Savings Banks committed EUR 45.5 billion in new loans in this segment, a significant increase of EUR 9.0 billion (+24.8%) compared with 2023. The upturn in new business at a low level is likely to be attributable to lower interest rates compared with 2023, combined with a slight decline in residential property prices and higher real incomes. New business remained consistently above the previous year's level from Q1 to Q4.

The loan portfolio increased slightly by EUR 2.1 billion or 0.5% to EUR 386.9 billion as a result of improved new business. In the previous year, the portfolio had declined by EUR 0.6 billion or 0.2%. However, the high growth rates of 2020–2022 and earlier years were not achieved.

Savings Banks committed EUR 6.8 billion in new consumer and other loans, an increase of EUR 0.3 billion (+4.8%) compared with 2023. Including S-Kreditpartner (SKP), whose new business in 2024 was well above the very weak previous year (+30.4%), commitments amounted to EUR 11.6 billion, an increase of 14% compared with 2023.

Including SKP, which increased its instalment loan portfolio by EUR 0.6 billion (+6.6%) to EUR 9.4 billion in 2024, the Savings Banks achieved a slight increase of 0.5% in consumer and other loans.

Loans to domestic public households rose by EUR 4.3 billion (+12.7%) to EUR 38.4 billion in 2024 (2023: +4.1%). New business was 22.3% up on the previous year at EUR 7.6 billion.

Savings Banks' customer lending business

	2024 in EUR billion	2023 in EUR billion	Changes in EUR billion	Changes in %
Customer loans	**1,030.9**	1,020.4	+10.5	+1.0
Corporate loans [1]	**543.9**	539.3	+4.6	+0.8
Loans to private individuals	**424.8**	423.4	+1.4	+0.3
Private housing loans	386.9	384.8	+2.1	+0.5
Consumer loans / other loans	37.9	38.7	–0.7	–1.9
Note: Consumer loans / other loans including SKP loans	48.3	48.1	+0.2	+0.5
Loans to public authorities	**38.4**	34.1	+4.3	+12.7
Total loan commitments / loan disbursements to domestic customers	**143.4 / 139.4**	129.5 / 139.7	+13.8 / –0.3	+10.7 / –0.2
Loan commitments / loan disbursements to companies and self-employed [1]	**80.2 / 77.8**	76.8 / 80.9	+3.4 / –3.1	+4.4 / –3.8
Loan commitments / loan disbursements to private individuals	**52.3 / 50.9**	43.0 / 49.7	+9.3 / +1.3	+21.8 / +2.6

[1] Including loans for commercial housing loans.

Customer securities business

In customer securities business, the Savings Banks' total turnover (purchases plus sales by customers) amounted to EUR 199.1 billion in 2024, up EUR 38.0 billion or 23.6% on 2023, making it the highest annual turnover ever achieved by the Savings Banks. This high turnover volume is primarily attributable to the bonds / certificates category (EUR 90.8 billion, +19.5%), where customer "sales" (redemptions) rose sharply due to certificates maturing. However, the banks also recorded high revenues from investment funds (EUR 70.7 billion, +34.2% year-on-year) and equities (EUR 37.5 billion, +15.8%).

Net sales (purchases minus sales by customers) were positive, but at EUR 8.5 billion they were significantly below the record level of the previous year (EUR 30.6 billion). Only in investment funds (EUR +13.5 billion) did purchases exceed sales. By contrast, net sales of bonds / certificates (EUR –1.9 billion) and equities (EUR –3.1 billion) were negative. Among investment funds, equity funds (EUR +4.3 billion), other funds (EUR +2.0 billion) and open-ended real estate funds (EUR +1.6 billion) recorded the highest positive balances.

Customer securities business at the Savings Banks

	2024 in EUR billion	2023 in EUR billion	Changes in EUR billion	Changes in %
Securities trading volume	**199.1**	161.1	+38.0	+23.6
Net securities sales [1]	**8.5**	30.6	–22.1	–72.2

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

Refinancing

The Savings Banks are refinanced primarily from deposits from private individuals and companies. Customer deposits rose sharply in 2024 by EUR +33.8 billion or +2.9% to EUR 1,182.3 billion, following a decline of EUR –5.2 billion or –0.5% in the previous year.

1,182.3
EUR billion
CUSTOMER DEPOSITS WITH SAVINGS BANKS

With short-term interest rates falling significantly over the course of the year, own issues (EUR +28.4 billion or +32.0%, mainly Savings Bank certificates) and time deposits (EUR +15.0 billion or +16.7%) continued to grow, albeit not at the same pace as in the previous year. Sight deposits (EUR +15.4 billion or +2.0%) also rose again thanks to a strong increase in the fourth quarter. By contrast, savings deposits declined further (EUR –25.0 billion or –11.7%).

Looking at the largest customer segments, deposits from private customers grew by EUR 28.0 billion (+3.2%) to EUR 892.7 billion (previous year: –2.0%). Companies increased their deposits by a further EUR 7.1 billion (+3.6%) to EUR 201.6 billion in 2024 (previous year: +3.6%).

The Savings Banks thus continued to enjoy a comfortable refinancing situation. The entire customer lending business was refinanced through customer deposits.

Customer deposit business at Savings Banks

	2024 in EUR billion	2023 in EUR billion	Changes in EUR billion	Changes in %
Customer deposits	**1,182.3**	1,148.5	+33.8	+2.9
of which savings deposits	189.6	214.6	−25.0	−11.7
of which own issues	117.2	88.8	+28.4	+32.0
of which time deposits	104.8	89.8	+15.0	+16.7
of which sight deposits	770.7	755.3	+15.4	+2.0

42.3
EUR billion
NET FINANCIAL ASSETS OF CUSTOMERS

Financial asset formation

Thanks to growth in deposits and positive net sales in the securities business, customers built up additional assets of EUR 42.3 billion at the Savings Banks in 2024. Compared with the weak figure of the previous year, this represents an increase of EUR 16.9 billion (+66.5%). Private individuals saved an additional EUR 37.4 billion at Savings Banks. This represents year-on-year growth of EUR 25.8 billion.

Customers' financial assets at Savings Banks [1]

	2024 in EUR billion	2023 in EUR billion	Changes in EUR billion	Changes in %
Net financial assets of customers [2]	**42.3**	25.4	+16.9	+66.5
Private financial asset formation	**37.4**	11.6	+25.8	+222.4

[1] From deposit business and securities business.
[2] Private customers, corporate customers, domestic public sector entities, non-profit organisations, foreign customers.

16.90%
CORE CAPITAL RATIO OF THE SAVINGS BANKS

Equity

At the end of the 2024 financial year, the Savings Banks reported regulatory equity of EUR 155.1 billion. This represents an increase of EUR 9.9 billion over the course of the year, exclusively in the form of (hard) core capital. At the end of 2024, the total capital ratio stood at 17.93%; the core capital ratio amounted to 16.90% and, excluding hybrid core capital components, the hard core capital ratio was 16.89%. The total capital ratio, core capital ratio and hard core capital ratio are each 1.0 percentage points above the 2023 ratios.

The regulatory requirements for these key figures are thus clearly exceeded.

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

The Savings Banks also significantly exceed the requirements for other important regulatory ratios.

The banking supervisory authority stipulates a minimum ratio of 100% for the short-term liquidity coverage ratio (LCR) and the medium-term structural liquidity ratio (NSFR). At the end of 2024, the LCR of the Savings Banks stood at 195.78%, while the NSFR was 131.14%.

The banking supervisory authority expects a minimum leverage ratio (LR) of 3.0%; the Savings Banks achieved a figure of 9.85% at the end of 2024.

Supervisory ratios of the Savings Banks in accordance with CRR[1]

	2024 in %	2023 in %	Changes in % points
Core capital ratio	**16.90**	15.89	+1.01
Common equity tier 1 ratio	**16.89**	15.87	+1.02
Total capital ratio	**17.93**	16.85	+1.08
Liquidity coverage ratio (LCR)[2]	**195.78**	186.29	+9.49
Structural liquidity ratio (NSFR)[3]	**131.14**	127.19	+3.95
Debt ratio (LR)[4]	**9.85**	9.33	+0.52

[1] CRR = Capital Requirements Regulation.
[2] LCR = Liquidity Coverage Ratio.
[3] NSFR = Net Stable Funding Ratio.
[4] LR = Leverage Ratio.

Business performance of the Landesbanken

In the 2024 financial year, the business performance of the Landesbank group was characterised by expanded customer lending and deposit business, growing securitisation business and a predominantly declining interbank business. Overall, total assets increased compared with the previous year. In recent years, most of the Landesbanken recorded growth in total assets following sharp declines until 2017: Between the end of 2008 and the end of 2017, total assets were reduced by more than EUR 702 billion, or around 45%, as part of strategic measures to resize and realign the Landesbanken. The departure of HSH Nordbank in 2018 and the portfolio adjustment at NORD/LB contributed to the further consolidation of the group.

In 2024, the institutions[1] reported a moderate increase in total assets of EUR 19.4 billion or 2.1% year-on-year to EUR 923.1 billion. Total assets had declined in the previous year by 3.8%. The Landesbanken thus continued the medium-term trend of expanding balance sheet business in 2024. This development was driven in particular by the increase in fixed-income securities on the assets side. The Landesbanken also recorded high inflows on the liabilities side in securitised liabilities and liabilities to customers. Conversely, the Landesbanken reduced their other assets and liabilities as well as liabilities to banks to a greater extent in 2024.

[1] This chapter examines the five Landesbank groups, Landesbank Berlin/Berliner Sparkasse and DekaBank.

Lending business

On the assets side of interbank business, the Landesbanken recorded a slight increase of EUR +0.6 billion or +0.2% to EUR 257.9 billion (previous year: –6.6%) in loans and advances to banks in 2024. This was due to the increase in claims on foreign banks, which rose by EUR 9.2 billion to EUR 64.1 billion. By contrast, the Landesbanken recorded a decline of EUR 7.7 billion in their loans and advances to domestic banks (excluding Savings Banks). The Landesbanken's loans and advances to Savings Banks fell by EUR 1.0 billion to EUR 72.9 billion.

The Landesbanken performed well in customer lending in the past financial year. Loans and advances to non-banks increased by EUR 4.9 billion or 1.2% to EUR 421.9 billion (previous year: –0.2%).

421.9
EUR billion
CUSTOMER LOANS OF THE LANDESBANKEN

Positive impetus came from the increase in loans and advances to domestic and foreign companies. These rose by EUR 3.1 billion or 1.0% to EUR 316.9 billion (previous year: EUR 2.0 billion or 0.6%). The focus was on foreign corporate customer business: receivables from foreign companies rose by EUR 5.6 billion or 4.6% to EUR 127.4 billion. By contrast, loans and advances to domestic companies declined slightly by EUR 2.4 billion or 1.3% to EUR 189.5 billion.

Business with the public sector developed dynamically in 2024. Receivables from domestic and foreign public sector entities increased by EUR 3.1 billion or 4.3% to EUR 75.6 billion in the reporting year (previous year: EUR 1.6 billion or 2.1% less). Receivables from domestic private individuals (including non-profit organisations) declined by EUR 1.4 billion or 4.5% to EUR 29.4 billion (previous year: EUR 1.1 billion or 3.4%).

Securities business

The Landesbanken significantly increased their securities investments in 2024. As in the previous year, the total portfolio rose, in the reporting year by +14.1% to EUR 111.8 billion (previous year: +0.9%). The highest inflow in terms of volume was in investments in the "public sector bonds" category. Here, holdings increased by EUR +6.6 billion or +31.6% to EUR 27.4 billion. The volume invested in bank bonds grew to EUR 62.1 billion (+7.2%). The portfolio of corporate bonds also increased to EUR 14.8 billion (+4.7%).

In contrast to the previous year, securities holdings invested in non-fixed-income securities (equity shares, investment certificates) rose exceptionally strongly in the reporting year to EUR 4.5 billion (+178.1%). As in 2023, money market instruments continued to decline by –13.3%. With a portfolio of only EUR 2.9 billion at the end of 2024, they play a minor role.

At the end of 2024, the focus of the Landesbanken's portfolio A was on bank bonds, which accounted for 55.6% of the portfolio, followed by public sector bonds and notes at 24.6% and corporate bonds at 13.2%. Securities investments in non-fixed-income securities, with a structural share of 4.0%, and money market instruments, with 2.6%, are of minor importance.

Refinancing

In terms of customer deposits, the Landesbanken recorded an inflow of +5.1% to EUR 326.9 billion in 2024. In 2023, customer deposits had also increased by +4.7%. The increase in 2024 was attributable to the development of liabilities to domestic and foreign companies, which rose by EUR +11.6 billion or +6.1% to EUR 200.7 billion.

326.9
EUR billion
CUSTOMER DEPOSITS OF THE LANDESBANKEN

Inflows were recorded both in liabilities to domestic companies, which rose by + 6.6% to EUR 173.6 billion, and in liabilities to foreign companies, which increased by + 2.8% to EUR 27.1 billion. A more detailed analysis of the domestic corporate sector shows that the inflow in the reporting year is attributable to developments in the real economy (+ 12.3% to EUR 78.9 billion). Deposits from financial institutions (+ 4.5% to EUR 41.0 billion) developed less dynamically in comparison, as did liabilities to insurance companies (+ 0.7% to EUR 53.7 billion).

By contrast, liabilities to domestic public authorities remained stable at EUR 57.6 billion. Deposits from domestic private individuals (including non-profit organisations) grew by + 5.8% to EUR 66.7 billion.

The Landesbanken continued to reduce their interbank liabilities on the liabilities side of their balance sheets in 2024. They fell by 4.4% to EUR 198.5 billion (previous year: 17.6%). In the past year, liabilities to Savings Banks increased by + 1.9% to EUR 27.6 billion; liabilities to domestic credit institutions (excluding Savings Banks) decreased by – 10.4% to EUR 137.0 billion. Liabilities to foreign banks rose by + 22.0% to EUR 33.8 billion (previous year: – 20.6%).

As in the previous year, the Landesbanken recorded an increase in securitised liabilities in 2024. The portfolio rose by + 7.9% to EUR 222.9 billion.

Equity

The balance sheet equity of the Landesbanken increased by + 2.0% from EUR 45.1 billion to EUR 46.0 billion in 2024. The majority of institutions were able to strengthen this balance sheet item.

The regulatory core capital of the Landesbanken calculated on the basis of CRR / CRD IV increased by + 3.5% to EUR 47.6 billion at the end of 2024 (end of 2023: EUR 46.0 billion). The total risk exposure (counterparty default risks, market risk positions and other risks) rose by + 3.2% to EUR 290.1 billion (end of 2023: EUR 281.0 billion). As a result of these two developments, the core capital ratio of the Landesbank group in accordance with CRR / CRD IV remained unchanged at 16.4% at the end of 2024.

16.4 %
CORE CAPITAL RATIO OF THE LANDESBANKEN

The Landesbanken have managed to resize and realign themselves after various crises. Risk-weighted assets have been systematically reduced and capital ratios further expanded. The Landesbank Group thus has a solid core capital base.

Regulatory ratios of the Landesbanken in accordance with CRR

	2024 in %	2023 in %	Change in % points
Core capital ratio	**16.4**	16.4	0.0
Tier 1 capital ratio	**15.6**	15.8	– 0.2
Total capital ratio	**20.3**	20.4	– 0.1

Operating results [2]

As in the previous year, the Landesbanken again achieved a significantly improved operating result in the 2024 reporting year. It rose by 19.1%. This increase is mainly attributable to the following two developments: The Landesbanken recorded strong growth in both net interest income (EUR + 1.1 billion to EUR 9.3 billion) and net commission income (EUR + 0.2 billion to EUR 2.0 billion).

The development of administrative expenses had a slightly negative impact on earnings, but increased by only EUR 0.2 billion compared with the previous year, reaching a level of EUR 7.2 billion in 2024. Personnel expenses rose, while material expenses were reduced.

Overall, the Landesbanken generated an operating result before valuation of EUR 6.0 billion in 2024 (previous year: EUR 5.0 billion). The cost-income ratio [3] of the Landesbanken improved significantly again to 54.7% (previous year: 58.3%) due to the earnings performance outlined above.

In the reporting year, the Landesbanken incurred valuation expenses of EUR 2.0 billion, which had a noticeably greater impact on the Landesbank Group's annual result than in 2023. In the previous year, valuation expenses amounted to EUR 1.0 billion on balance. In the reporting year, the Landesbanken recognised additional risk provisions for lending due to existing uncertainties, such as the geopolitical situation and the continuing signs of economic stagnation. This will further strengthen their resilience to potential future loan defaults.

As in the previous year, the result of "extraordinary items" [4] was negative in 2024 and had a less negative impact on earnings of EUR 1.1 billion. The result from valuation and financial investment business was clearly negative in the reporting year, with a net valuation expense of EUR 0.6 billion. The extraordinary result had only a minor negative impact. The negative result from valuation and financial investment business was mainly attributable to the additions to the fund for general banking risks of EUR 1.2 billion, which were also recognised under this item.

Overall, the Landesbanken again achieved a strong pre-tax profit of EUR 2.8 billion in the 2024 financial year (previous year: EUR 2.7 billion). After deduction of profit-related taxes, the Landesbanken closed the 2024 financial year with a significantly higher net profit after taxes of EUR 2.2 billion. In 2023, the Landesbanken achieved a net profit after taxes of just under EUR 1.6 billion.

[2] Source: Individual financial statements of the Landesbanken (including DekaBank) prepared in accordance with the German Commercial Code (HGB).

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

[4] Balance of other and extraordinary income and expenses. Unlike the income statement statistics of the Deutsche Bundesbank, transfers to and withdrawals from the fund for general banking risks in accordance with Section 340g of the German Commercial Code (HGB) are also included in "extraordinary income".

Selected items in the balance sheet of the Landesbanken (including DekaBank)

	Balance End of 2024 in EUR billion	Balance End of 2023 in EUR billion	Change in %
Loans and advances to banks (MFIs[1])	**257.9**	257.3	+0.2
Loans to non-banks (non-MFIs)	**421.9**	417.1	+1.2
Liabilities to banks (MFIs)	**198.5**	207.6	–4.4
Liabilities to non-banks (non-MFIs)	**326.9**	311.0	+5.1
Balance sheet total	**923.1**	903.7	+2.1

Selected items in the income statement[2] of the Landesbanken (including DekaBank)

	2024[3] in EUR billion	2023 in EUR billion	Change in %
Net interest income	**9.25**	8.19	+13.0
Net commission income	**1.96**	1.81	+8.2
Net result from financial transactions	**1.00**	1.06	–6.2
Administrative expenses	**7.21**	7.00	+3.0
Operating result before valuation	**5.96**	5.01	+19.1
Valuation result (excluding investments)	**–2.01**	–0.98	+104.6
Operating result after valuation	**3.95**	4.02	–1.8
Balance of other and extraordinary income/expenses[2,4]	**–1.14**	–1.36	–16.3
of which: withdrawals from (+)/allocations to (–) the fund for general banking risks in accordance with Section 340g of the German Commercial Code (HGB)	–1.22	–0.49	>+100
Net income before taxes	**2.81**	2.66	+5.7
Income taxes	**0.66**	1.03	–36.0
Net income after taxes	**2.15**	1.63	+31.9

[1] Monetary Financial Institutions.
[2] As in the "original" income statement in accordance with HGB, allocations to the fund for general banking risks in accordance with Section 340g HGB are considered here as expenses reducing the net income for the year; correspondingly, withdrawals from this fund are treated as income increasing the net income for the year.
[3] Preliminary figures from partially unaudited annual financial statements in accordance with HGB; rounding differences are possible.
[4] This includes the balance of gains on the disposal of financial investments and securities held as fixed assets, write-downs on/write-downs on financial investments and securities held as fixed assets, and changes in the fund for general banking risks in accordance with Section 340g of the German Commercial Code (HGB) (allocations to the fund for general banking risks with a negative sign, withdrawals from this fund with a plus sign).

Business performance of the Landesbausparkassen

In the second full year after the end of the low interest rate phase in Europe, the business of the Landesbausparkassen was again characterised by rising sales of low-interest loans. People wishing to build or buy a home are no longer using building society savings agreements solely as equity capital for their projects, but are increasingly taking advantage of low-interest building society loans. Capital disbursements of EUR 12.6 billion represent an increase of 5.9% on the already strong previous year. The Landesbausparkassen thus made an important contribution to stabilising residential construction financing in Germany, which had slumped sharply due to a sudden rise in interest rates and construction prices.

After two strong years, the new building society business returned to a more normal level in the 2024 financial year. A total of 454,000 new building savings contracts (– 9.7%) were concluded with a total savings target of EUR 27.6 billion (– 14.9%). The average savings target for new business remained very high at EUR 60,780 (– 5.8%).

The “building societies of the Savings Banks” are the undisputed market leaders in the home loan and savings business in Germany. Their market share is 34.5% in terms of the number of new contracts concluded in 2024 and 35.3% in terms of total building society savings. In terms of the contract portfolio, LBS has a market share of 35.5% (number of contracts) and 33.8% (total building society savings). LBS has a market share of 44.7% in the residential Riester business, which corresponds to around 675,000 contracts with a total savings volume of EUR 31.4 billion (– 3.9%).

At the end of 2024, the five Landesbausparkassen had a total of 7.48 million building savings contracts (– 4.6%) with a volume of EUR 329 billion (+ 1.6%). The portfolio of building loans climbed to EUR 40.7 billion (up 4.3%); while building society deposits remained stable at EUR 65.3 billion (down 1.4%). The LBS Group’s cumulative balance sheet total amounted to EUR 75.0 billion at the end of 2024 (down 1.8%).

The Landesbausparkassen have 530 advisory centres and employ around 6,180 people in internal and external sales.

Business performance of the Landesbausparkassen

	2024	2023	Change in %
New contracts			
Number (millions)	**0.5**	0.5	–9.7
Home loan and savings amount (EUR billion)	**27.6**	32.4	–14.9
Contract portfolio			
Number (million)	**7.48**	7.84	–4.6
Home loan and savings amount (EUR billion)	**329.2**	324.2	1.6
Cash inflows (EUR billion)			
Total	**10.6**	10.7	–0.7
of which savings contributions	8.2	8.6	–4.2
New capital commitments (EUR billion)	**14.7**	13.2	11.1
Capital disbursements (EUR billion)	**12.6**	11.9	5.9
Total assets (EUR billion)	**75.0**	76.4	–1.8
Net income after taxes (EUR million)	**83.0**	99.3	–16.4
Employees (including field staff)			
Total	**6,177**	6,278	–1.6
of which trainees	157	147	6.8

			Change in %
Market share (number of contracts)			
New contracts	**34.5**	33.2	1.3
Contract portfolio	**35.5**	35.7	–0.2

Human resources management and social commitment

Human resources management

As at 31 December 2024, the Savings Banks Finance Group employed a total of 280,500 people (previous year: 274,600). As one of Germany's largest employers, our goal is to offer every employee development opportunities and flexibility, and to ensure a stable future in uncertain times.

In a world that continues to be shaped by profound change, corporate success can only be achieved with contented, competent and innovative employees who are capable of and willing to embrace change. For the Savings Banks Finance Group, which places customer satisfaction, security, trust, process optimisation, sustainability and long-term stability at the heart of its activities, a strong and consistent human resources policy and a corporate culture that reflects this are therefore essential.

Excellent employer quality as a factor for success

The repeated awards won by the Savings Banks as attractive employers confirm our conviction that the combination of the bundled strength of the Group's resources and the high level of commitment and professional competence in the individual institutions is a winning formula for sustainable success.

The Savings Banks Finance Group's human resources strategy is based on four central pillars: **attracting and retaining talent, training, transformation and human resources management.** These areas are consistently aligned with the Group's business strategy objectives and make a targeted contribution to their implementation.

Attracting and retaining talent

Targeted and effective enhancement of employer attractiveness

A strong employer brand is and remains a key success factor – it attracts talent, creates competitive advantages and promotes long-term employee retention. A significant milestone was reached in 2024 with the launch of a broad-based external employer brand campaign in August: within seven months, the campaign had reached around 80% of the German population aged between 18 and 49.

The targeted approach to young talent paid off: the number of applications rose significantly, especially for trainee positions, by an impressive 27% (previous year: + 5.7%). In total, the Savings Banks recorded over 11,000 new hires in 2024 – an increase of 12.1% compared to the previous year. The campaign is thus making a significant contribution to securing urgently needed skilled workers.

An internal employer branding campaign was launched to accompany the external communication. The aim was to raise awareness of the new employer image among employees and to win them over as authentic ambassadors for the employer brand. These "corporate influencers" generated more than 1.8 million impressions via their social media channels, thereby strengthening not only visibility but also emotional attachment to the brand. Their commitment ensures that the new positioning is not only understood but also actively lived and passed on.

A nationwide cultural development project was also launched in 2024 based on an analysis of employer positioning carried out in 2023. The aim is to promote a consistently employee-centred, open and appreciative corporate culture that enables innovation and strengthens cooperation. A strong, lived culture creates identification with the goals of the Savings Banks Finance Group and is a central building block for the sustainable success of the institutions – today and in the future.

The Savings Banks are increasing their workforce

The Savings Banks' overall figures for 2024 reflect a positive employment trend: for the first time in 24 years, the workforce has grown significantly (+2,540 employees, +1.3%). The 9.7% increase in the number of trainees in particular shows the success of the intensified recruitment efforts. The number of bank-specific employees also rose, as new hires from the labour market more than offset departures. The part-time ratio rose only slightly to 41.8% (+0.2 percentage points).

In view of the demographic challenges and the shortage of skilled workers, the need to continuously expand and develop existing capacities is becoming increasingly apparent. The Group expects that around 120,000 new employees will need to be hired by Savings Banks over the next ten years to compensate for age-related departures and external staff losses.

The combination of successful external and internal branding, increased use of digital solutions and sustainable expansion of the workforce will continue to position the Savings Banks as attractive employers in the coming years, thereby making an important contribution to ensuring their long-term success.

Qualifications

Training and dual study programmes

Current figures show that more than half of bank employees in Germany are trained at Savings Banks (just under 55%). The training ratio of 8.3% (7.7% in the previous year), i.e. the proportion of trainees as a percentage of the workforce, also demonstrates the importance of training young people in the Savings Banks Finance Group. Also worth mentioning: the best bank trainees in Germany come from Savings Banks, and around 3,300 young professionals were taken on from the Savings Banks' own training programme. The Savings Banks thus remain synonymous with first-class training in the financial services industry.

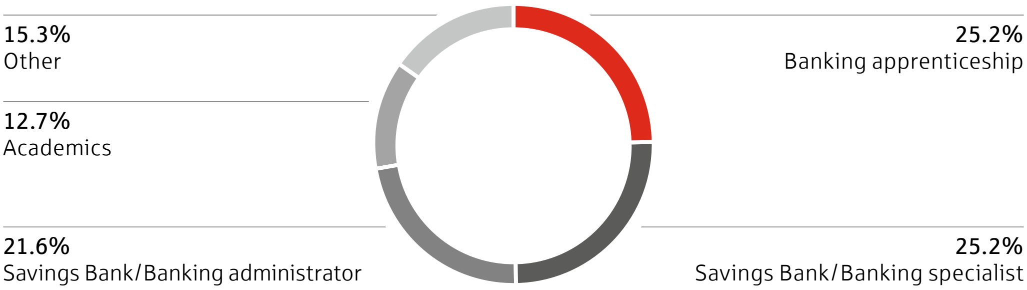
With its wide range of dual study programmes, training-integrated courses and trainee positions, the Savings Banks Finance Group uses a complementary approach to meet its need for young talent, especially among high-potential school leavers.

It is important to us that, after training and study, career development and/or advancement within the hierarchy are not only possible, but also clearly communicated and supported. Talent management programmes are therefore a matter of course and provide early career prospects for young target groups. The Foundation for Science's Förderkolleg (promotional college) programme specifically promotes talented individuals from the Savings Banks Finance Group during their studies in order to further develop their professional skills and, above all, their personal potential, and offers a meaningful supplement to purely academic preparation for future leadership roles.

Further education and training

The personnel development programmes offered by the Savings Banks comprise all instruments and measures for promoting employee, management and organisational development through the targeted and sustainable design of learning, development and change processes. The internal training system, consisting of nine academies and the University of Applied Sciences for Finance & Management, provides high-quality and attractive programmes in a highly professional environment. Whether courses and degree programmes, seminars and training sessions, conference formats, apprenticeships and studies or organisational development measures: the range of services is broad and ensures that the qualification requirements of the entire Group are met. This enables the Savings Banks to better meet their employees' desire for further education and promote their development potential on an individual basis, while also ensuring the optimal professional integration of career changers. We are particularly pleased that employee satisfaction with further training opportunities has been assessed and confirmed by employer brand survey.

Savings Banks employees: Qualification structure[1]
As of 31 December 2024



[1] Active bank-specific employees (headcount data).

Transformation

The transformation process within the Savings Banks Finance Group aims to ensure that the Group remains fit for the future and able to meet the demands of a dynamic market. This change is supported on the personnel side by targeted measures to further qualify employees and adapt working methods.

With the introduction in 2024 of the AI-supported assistant "S-KI-Pilot", which will be available to all Savings Banks employees by summer 2025, the first step has been taken to increase employee efficiency and productivity and give them more freedom for value-adding activities – a fitting response to the demographic change within the Group. The Savings Banks Finance Group attaches great importance to training its employees in the use of AI to accompany the introduction of AI tools.

The digital agenda addresses the principles of cooperation, personal responsibility, transparency and flexibility, thereby contributing to an agile working culture. The transformation is therefore not only being driven forward at the operational level, but is also being shaped culturally. These measures help to establish a learning culture so that employees can continuously develop and fully exploit the potential of digitalisation.

Diversity

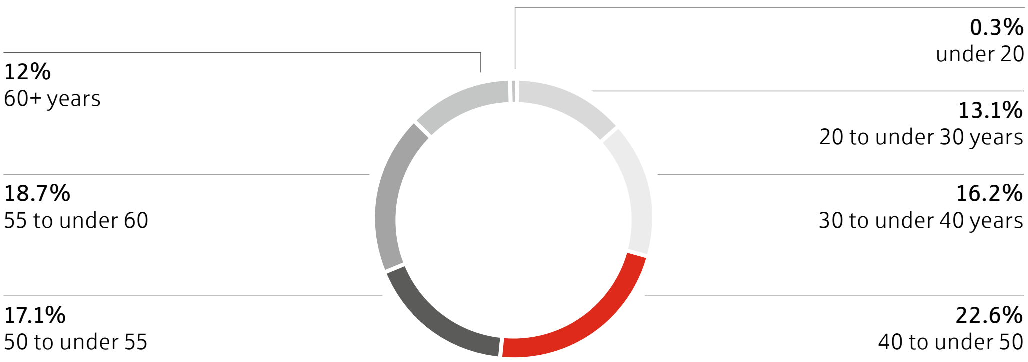
Social responsibility is part of our daily business – we are therefore aware of the importance of diversity and are strongly committed to creating a working environment that is shaped by different perspectives, backgrounds and skills.

In 2024, the Savings Banks Finance Group placed a clear focus on cultural change to support an even more inclusive working culture and promote diversity in all its dimensions – whether in terms of gender, origin, age or other characteristics. This project not only supports the creation of an open and respectful working environment, but also contributes to the active implementation of (sustainability) regulations relating to diversity. We will continue to address the regulatory requirements in line with the stipulations of the Corporate Sustainability Reporting Directive (CSRD) to increase the transparency and measurability of diversity targets.

The measures introduced to promote diversity are already bearing fruit. The proportion of female members of executive boards increased to 8.0% in 2024, representing a significant increase over the previous year (7.4%). This demonstrates our ongoing commitment to increasing the proportion of women in management positions. At management level below the executive board, the proportion of female managers also rose to 29.8% (previous year: 28.9%).

Promoting equal career opportunities remains a key priority. As an employer, we want to ensure that all our employees have equal opportunities for advancement regardless of gender, age or origin. We are committed to breaking down barriers and creating an environment in which everyone can develop their full potential.

Savings Banks employees: Age structure [1]
As at 31 December 2024



[1] Active bank-specific employees (headcount data).

Management of human resources

Demographic restructuring

The ratio of employees under 30 to those over 55, known as the demographic ratio, will recover slightly in 2024 (0.44; previous year: 0.42). Nevertheless, almost half of Savings Banks employees will still be aged 50 or older (47.8%; +0.1 percentage points). The increase in new hires has only had a marginal impact so far, and the rise in the number of trainees will only translate into employment in the future (after they are taken on as employees). Demographic change and securing skilled labour are closely interlinked: almost 50% of Savings Banks employees are aged 55 or older, who will retire over the next ten years.

Broad social commitment strengthens the common good

Savings Banks, Savings Bank Foundations, Landesbanken and Group partners shape local communities in a variety of ways. In 2024, the Savings Banks Finance Group invested around EUR 535 million in projects for the common good (previous year: EUR 508 million).

This represents an increase of EUR 27 million over the previous year. With this renewed increase in its commitment to the common good, the Savings Banks Finance Group is at its highest level in the last ten years. The most common form of support in 2024 was once again donations – a service provided with nothing in return. Around 50% of the total funding is allocated to this type of support.

Art and culture

The promotion of art and culture is an important core area and is firmly anchored in the social commitment of the Savings Banks Finance Group. In total, the Savings Banks Finance Group supported art and culture with EUR 134.8 million in 2024 (previous year: EUR 130.6 million). Projects throughout the country received support and long-standing partnerships were continued, such as the commitment as the main sponsor of the Dresden State Art Collections.

Social commitment

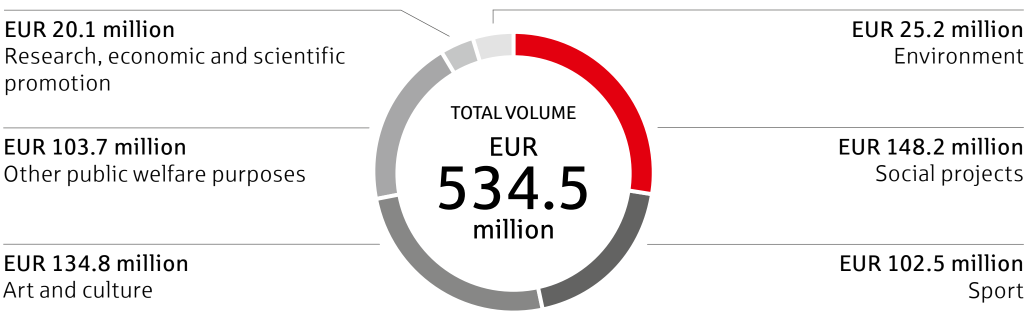
The Savings Banks are involved in a wide range of projects for children, young people and senior citizens. They direct their funding to society as a whole and support, for example, social counselling centres, neighbourhood centres and integration projects for immigrants. Social commitment is the Savings Banks Finance Group's largest area of support, with contributions amounting to EUR 148.2 million in 2024 (previous year: EUR 149 million).

Under the heading "Financial Education for All", the Savings Banks Finance Group is committed to strengthening financial literacy in Germany with a range of key services. The Savings Banks School Service offers a wide range of teaching materials on the topics of money, finance, job applications and career guidance. In the extracurricular sector, Geld und Haushalt (Money and Household) supports all consumers with budget and financial planning services. More than 1,500 schools, associations and organisations cooperate with the Savings Banks Finance Group's financial education institutions every year.

Sport

The Savings Banks Finance Group promotes all areas of sport. The majority of this support benefits clubs in every region of Germany. One example of this is its commitment to the German Sports Badge, which includes participation in the Sports Badge Tour and the annual Sports Badge competition.

Social commitment of the Savings Banks Finance Group
As at 31 December 2024



In addition to this, top-level, youth and disabled sports are also promoted nationally, for example as a top partner of Team Germany and Team Germany Paralympics and as the main sponsor of elite sports schools.

Sport and members of sporting clubs received EUR 102.5 million in support in 2024 (previous year: EUR 108.9 million). Thirty-one foundations of the Savings Banks Finance Group are exclusively or primarily involved in promoting sport.

Environment

Savings Banks also take responsibility for the environment. They are involved in environmental and climate protection in their business areas in a variety of ways. As a result, a large number of local environmental organisations can count on the support of the Savings Banks. The funding programme also includes selected ecological projects in schools. The funds allocated for this purpose amounted to around EUR 25.2 million in 2024 (previous year: EUR 28.4 million).

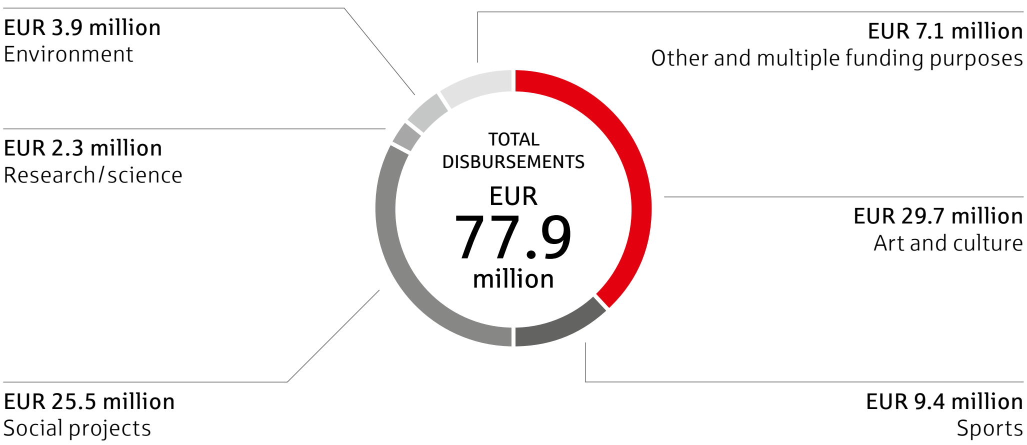
Research, economic and scientific promotion

The promotion of research and science is a central element of the Savings Banks Finance Group's commitment to sustainable social development. In 2024, EUR 20.1 million (previous year: EUR 17.9 million) was invested in projects in the field of research, business and science promotion.

Foundations

The non-profit foundations of the Savings Banks Finance Group continue the funding commitment of the Savings Banks, Landesbanken and other institutions of the Savings Banks Finance Group in a variety of ways, with a predominantly regional focus. Ten new foundations were established in 2024. This brings the number of foundations within the Savings Banks Finance Group to 781 (previous year: 771). Newly established foundations focus particularly on sustainability. At the end of 2024, they had total capital of EUR 3.2 billion (previous year: EUR 2.98 billion). Last year, the Savings Banks Foundations accounted for around 15% of the Savings Banks Finance Group's total commitments with distributions of EUR 77.9 million (previous year: EUR 75.5 million).

Disbursements by the foundations of the Savings Banks Finance Group
As at 31 December 2024



German Sparkassenstiftung for International Cooperation e.V.

Think globally, act locally, cooperate internationally

Savings Banks were established in Germany over 200 years ago as microfinance institutions for people with low incomes. Since then, German Savings Banks have developed into one of the largest financial groups worldwide, successfully combining a high level of professionalism with a strong social mission. The task of the German Sparkassenstiftung (Savings Banks Foundation) for International Cooperation (DSIK) is to make this experience available to countries in the Global South. The aim is to create stable financial systems and give local people prospects for a better life through financial inclusion. Since its foundation in 1992, the German Sparkassenstiftung has implemented around 250 projects in over 100 countries. More than 2,000 Savings Banks employees have provided valuable support as advisors.

Global issues in project work

Adaptating to climate change

Climate change and its consequences pose major risks for people and businesses, but also for financial institutions. Together with central banks and other partners, the German Sparkassenstiftung establishes sustainable technologies and creates innovative products for its customers. It also helps financial institutions to identify vulnerability in their portfolios to the effects of climate change and to develop appropriate risk management systems.

Women in business

In most economies, women have fewer opportunities to earn a living: they are less likely to be in paid employment, tend to work in informal jobs with lower incomes, and are less likely to start their own businesses. They also often have limited access to financial services. By specifically empowering women, the German Sparkassenstiftung aims to eliminate gender-based differences.

Refugees and migration

For many years, there have been global refugee and migration movements – and the trend is rising. It is important to help refugees in transit or in their new home countries to build a life for themselves. The German Sparkassenstiftung implements projects in many parts of the world to promote the economic integration of refugees and host communities.

Digital transformation

In an increasingly fast-paced world with a growing number of digital offerings, digital products and services from financial institutions are also in high demand. That is why the German Sparkassenstiftung supports its partner institutions in their digital transformation. Internal processes are being automated to this end and new technologies such as mobile apps and online banking are being introduced. Digital training formats for employees and customers of financial institutions improve access to digitalised financial services, particularly in rural or remote areas.

1 Goal
Sustainable development through financial inclusion

Project volume 2024
EUR **31.5** million

55
Project countries

325
employees worldwide

85
other experts on international assignments, of which 65 are from the Savings Banks Finance Group

44
employees in the Bonn office

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 DSIK now offers five Business Games, including four haptic and one computer-based game. The Business Games are interactive training programmes that take place on site in small groups.

Around 10,000 Business Games training programmes have been held over the past 15 years. These have reached small and micro entrepreneurs, students, farmers and many other people in more than 50 countries.

To date, around 250,000 participants worldwide have taken part in the German Sparkassenstiftung's Business Games – and the number is rising.

↘ Sparkassenstiftung.de

Risk report

The institutions of the Savings Banks Finance Group performed well in 2024 in a continuing difficult economic environment (war in Ukraine, stagnation in the real estate market) and proved themselves to be an anchor of stability. Significant new regulatory initiatives were advanced in 2024. One of these is the second EU banking package (CRR III/CRD VI), which was published on 19 June 2024 and has been in force since 1 January 2025. This regulatory package amends key elements of banking regulation, such as the requirements for determining risk-weighted assets and the associated capital requirements. In addition, new reporting and disclosure requirements have been introduced, including in the area of ESG risks[1]. CRD VI, which is still to be implemented at national level in 2025, primarily tightens governance requirements and sets out guidelines for the consideration of ESG risks in the risk management of institutions.

The issue of sustainability and the associated risks are thus becoming increasingly important in the risk management of institutions, partly due to regulatory initiatives in this area. The DSGV launched a project in 2021 to systematically address regulatory requirements relating to sustainability. The identification, assessment and management of sustainability risks are now established in institutions. The DSGV is currently launching a project to support the implementation of future requirements from current EBA guidelines on ESG risk management. In addition, technical and specialist implementation support for taxonomy and sustainability reporting (CSRD) is being maintained and further developed as part of ongoing projects.

On 29 May 2024, the eighth amendment to the MaRisk was also published. The MaRisk amendment exclusively implements the EBA guidelines on the management of interest rate risks and credit spread risks in the banking book (IRRBB and CSRBB; EBA/GL/2022/14) at national level. The DSGV provides the institutions of the Savings Banks Finance Group with detailed guidance on the interpretation of the requirements set out in the principle-based MaRisk with the MaRisk Compass, the MaRisk Interpretation Guide and an information paper.

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

Risk management of the institutions of the Savings Banks Finance Group
The identification, control and management of general banking risks are among the core tasks of a credit institution. The main risks faced by credit institutions include:

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

[1] ESG risks and sustainability risks are used synonymously.

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 ongoing development of risk management methods, models and instruments.

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

- creating practical and uniform standards throughout the Savings Banks Finance Group,
- establishing a broad database through nationwide data pooling based on these standards,
- relieving the burden of individual institutions and avoiding duplication of work,
- pooling the entire know-how of the Savings Banks Finance Group for the ongoing improvement of risk management solutions.

irrespective of the development of uniform procedures across the Savings Banks, decisions on transactions and the associated risks, such as customer product design or proprietary investment policy, remain 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.

Types of general banking risk

Counterparty risks SR	– The risk of a negative deviation from the expected value of a balance sheet or off-balance sheet item due to a deterioration in creditworthiness, including the default of a debtor. Counterparty risk is divided into the default risk and 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), countries and the public sector. Debtors in proprietary trading are any counterparties or issuers.
Market price risks	– The risk of a negative deviation from the expected value or current market value of a balance sheet or off-balance sheet item resulting from changes in risk factors (interest rates, spreads, foreign currencies, equities, real estate, commodities, including volatility and option risk).
Liquidity risks	– Liquidity risk generally comprises insolvency risk and refinancing cost risk. Liquidity risk also includes market liquidity risk in both of the components defined below. This is the risk that, due to market disruptions or insufficient market depth, financial instruments cannot be traded on the financial markets at a specific point in time and/or at fair prices. – Insolvency risk: The risk of not being able to meet payment obligations in full or on time. – Refinancing cost risk: The risk of a negative deviation from the expected value of refinancing costs.
Operational risks	– Risk of loss due to damage resulting from the inadequacy or failure of internal procedures, employees, internal infrastructure or external influences.
Other	– Depending on their individual business model, Savings Banks may be subject to further risks.

The institutions use the jointly developed procedures individually to measure risks, aggregate them in their risk-bearing capacity, manage their portfolios and allocate capital in a way that optimises the risk/return ratio. Thanks to the large number of individual decisions, the Savings Banks Finance Group as a whole remains very well diversified.

The risk management procedures are optimised on an on-going basis within the Savings Banks Group.

Ensuring risk-bearing capacity

For many years, the institutions of the Savings Banks Finance Group have been using risk management procedures and IT tools to determine internal capital (risk coverage potential) on the one hand and to identify risks on the other. These are consolidated and compared within the framework of risk-bearing capacity (RTF). The institutions have access to centrally developed concepts that combine the various procedures and methods and embed them in risk limits at the level of the institution as a whole and for individual risk types.

Savings Banks have reported their risk-bearing capacity since 2023 in accordance with the requirements of the national banking supervisory authority from an economic and normative perspective. For Landesbanken, however, the ECB's guidance on ICAAP serves as the basis for their own risk-bearing capacity concepts. The control methods anchored in the risk-bearing capacity concepts of Savings Banks and Landesbanken aim to ensure both the long-term viability of the individual institutions and the protection of creditors.

The concepts and IT solutions for bank management developed jointly within the Savings Banks Finance Group support the institutions in everything from data bundling in risk management to scenario calculations and risk measurement to regulatory reporting and internal risk reporting for risk-bearing capacity. This takes into account the individual risk values and thus the capital and asset requirements resulting from the business structure of each individual Savings Bank. Since mid-2016, SR has been responsible for IT support for the Savings Banks in bank management.

In the institutions' risk-bearing capacity calculations, risks are compared with risk coverage potential to ensure that they are covered at all times. The overall risk of each institution and the individual risk types below it are limited by means of a cap, which enables a timely response. Not all of the risk coverage potential is used, which means that reserves are retained for potential additional burdens.

In order to identify trends in capital levels and future scope for action at an early stage, the institutions of the Savings Banks Finance Group carry out capital planning processes (normative perspective of risk-bearing capacity). If measures are necessary in the area of capital adequacy and earnings development, 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 own funds flexibility. This enables targeted and prudent use.

The results planned for the coming years and their retention will enable Savings Banks and Landesbanken to gradually increase their capital base. This will enable ongoing growth in lending, which will increase minimum capital requirements. Potential burdens arising from unfavourable macroeconomic developments can thus be taken into account at an early stage in business, earnings and capital planning, and appropriate measures can be prepared if necessary.

Since 2016, the German supervisory authority has regularly set new institution-specific capital requirements and expectations in the form of SREP surcharges[2] and Pillar 2 guidance, which must be taken into account both in ongoing capital adequacy and in the normative perspective of risk-bearing capacity (capital planning).

With the SREP surcharges, the supervisory authority intends to ensure that risks that are identified in the risk-bearing capacity and covered by risk coverage potential but not or not sufficiently taken into account in the capital requirements of Basel Pillar 1 are covered by own funds.

The own funds recommendation specifies how much additional capital an institution should hold from a regulatory perspective in order to be able to meet the SREP total capital requirement at all times, even in times of stress. For the majority of Savings Banks, this results in no or only minor additional capital requirements.

Ensuring solvency

The Savings Banks' capital adequacy remained extremely solid in 2024. The core capital ratio stood at 16.9% as at 31 December 2024, while the total capital ratio reached 17.9%.

This means that, on average, the Savings Banks significantly exceed the Basel capital requirements of 4.5% for core capital and 8% for the total capital ratio that have been in force since 1 January 2014. The capital base also covers the capital conservation buffer (2.5%), which increases the minimum requirements for core capital under Basel III to 7% and the total capital ratio to 10.5%. The SREP surcharges and the own funds recommendation (formerly the own funds target ratio) are also covered, as are the buffers set by BaFin in a general ruling at the beginning of 2022, which must be complied with since 1 February 2023 (countercyclical capital buffer 0.75%, systemic risk buffer for residential real estate 2.0%).

The Landesbanken (individual institution level), including DekaBank, had an average core capital ratio of 15.6% at the end of 2024. The total capital ratio averaged 20.3%.

Managing individual risk types

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

SR works with Finanz Informatik to ensure that the regulatory and business requirements are taken into account in the Savings Banks Finance Group's shared data system.

Earnings and risk management is always a balancing act between economic market conditions, regulatory requirements and changing customer expectations. Particular attention is paid to managing counterparty risk, as this type of risk has a major impact on the risk-bearing capacity of institutions and the stability of their results. However, comprehensive risk measurement and management procedures ensure that the Savings Banks and Landesbanken remain creditworthy in the long term.

[2] SREP = Supervisory Review and Evaluation Process.

Risk classification instruments

For corporate customer business: Savings Banks Standard Rating	– The Savings Banks Standard Rating is used for commercial customers of Savings Banks. The credit assessment is carried out in a modular structure, i.e. the information available to the Savings Bank/Landesbank about a company is first checked to see whether it can be used to determine the rating. This information is divided as follows: – Evaluation of the annual financial statements or income statement, – Qualitative rating, i.e. the characteristics of the company and the entrepreneur or managing director are assessed, – Taking into account existing business relationships with the customer, such as their account behaviour, – Grading based on warning signs of an impending corporate crisis, – Consideration of third-party creditworthiness influences (liability networks) in an existing "parent-subsidiary relationship". – A strengths and potential profile of the customer can be automatically generated from an approved rating, which can be used for customer communication. – For customers with low exposure, institutions have access to an automated procedure for ongoing credit assessment based primarily on account data, as well as a simplified risk classification procedure for applications (KundenKompaktRating).
For commercial property investments: Savings Banks Property Business Rating	– The Savings Banks Property Business Rating is used to assess the creditworthiness of real estate customers. Both quantitative indicators, such as balance sheets, and qualitative factors, such as the expected development of the company, are used for the assessment. The property to be financed or already financed is assessed as a key risk driver using property-specific information and key figures. The focus is on assessing whether it is likely that the loans will be repaid from rental income or the proceeds from the sale of the property in the coming years. – To ensure that the picture is as realistic as possible, all available information is weighted accordingly and combined to produce a rating for the customer.
For private customer business: Savings Banks Customer Scoring	– Savings Banks Customer Scoring is the risk classification procedure for private customer business. It enables customer advisors to objectively assess the creditworthiness of new and existing customers when they apply for a loan, using as much credit-related information as possible. – This tool also provides institutions with automated portfolio monitoring of their private customer exposures, enabling them to identify risks at an early stage.
For investments in renewable energies: Project Financing Rating	– The Project Financing Rating is a tailor-made procedure for financing in the renewable energy sector (wind, photovoltaics, biogas/biomass). The loan commitment is based primarily on the cash flows generated from the operation of the plant. Consequently, it is not the financial position of the equity provider (also known as the sponsor) that forms the core of the risk, but rather the project performance. – Since the project company must be assessed in its entirety, qualitative factors such as the expertise of those involved in the project, information on the project environment and the structure of the contracts are also included in the assessment process.

In addition, SR has worked with Savings Banks and regional associations to develop a standardised procedure for conducting risk inventories, including risk concentration analysis and key recommendations for the materiality assessment criteria of individual risks. This also involves an examination of sustainability risks and a qualitative impact analysis of economically significant risks on the normative perspective. The procedure is validated annually by SR.

To support the risk management process at the Savings Banks, the institutions also have access to a risk manual that helps them to document risks in a standardised manner. In addition, the risk manual provides an overview of the methods and procedures used in risk management.

Managing counterparty risk
SR develops and maintains the procedures necessary for efficient and needs-based credit risk measurement at the Savings Banks in cooperation with representatives from regional associations, Savings Banks, Landesbanken, Landesbausparkassen and Finanz Informatik on the basis of data from the Savings Banks Finance Group. These procedures are used throughout the Savings Banks Finance Group for the management of default risks.

Central maintenance and further development of the procedures by SR ensure their high quality and uniformity. This ensures data protection-compliant work with the data of the Savings Banks and Landesbanken (data pooling), annual qualitative and quantitative review (validation) and regular regulatory review of the instruments.

The risk classification procedures, as shown in the table on page 76, relate to corporate lending, real estate and private customer business.

Furthermore, the institutions of the Savings Banks Finance Group have credit assessment tools for the fair calculation of credit premiums (risk costs) and for risk measurement (value-at-risk calculation) of the overall loan portfolio. The calculated "fair" credit premium is also used for risk transfer between institutions and in the context of credit pooling.

The Savings Banks Finance Group is continuously working to make its management of counterparty risks more efficient and thus obtain more accurate forecasts. Only a balance between accurate risk assessment and the effective use of financial resources can ensure fair terms and conditions for customers.

In 2024, over 267,000 commercial and corporate customers were assigned to rating classes. Some of the ratings were carried out or updated several times. The Savings Banks Finance Group's data pool contains a total of more than 15.8 million commercial ratings. This database ensures a high level of reliability in credit assessments and enables us to provide our customers with expert advice.

The advantages of uniform, joint rating procedures within the Savings Banks Finance Group lie in

- a very broad database,
- high selectivity of methods,
- precise and fair classification of our customers according to their creditworthiness,
- stable default rates,
- early and objective risk identification, and
- central regulatory approval of the instruments used to determine capital adequacy based on an internal ratings-based approach.

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

The models and methods used by the Savings Banks for counterparty risk management take into account their heterogeneity in terms of the size of the individual institution and the type, scope and complexity of the counterparty risk portfolio.

This allows for the mapping of ideal credit risk management across a total of five expansion stages.

As part of the implementation, the Savings Banks

- leverage synergies through the efficient use of risk measurement instruments and their integration into overall bank management,
- optimise their capital utilisation through the flexible reduction and expansion of counterparty risk positions,
- create more scope for sales by clearly defining the responsibilities between sales, back office and portfolio management,
- take advantage of growth opportunities in the lending business (including for new business) through the targeted management of concentration risks and the consistent use of risk management tools,
- find competitive terms and conditions more easily through improved risk structures in their loan portfolios.

Thanks to efficient management of their loan portfolios, the Savings Banks are in a position to continue growing sustainably in the lending business without exposing themselves to excessive risk.

The portfolios of the Savings Banks Finance Group were also well positioned in the 2024 financial year. Overall, 62.5% of all corporate customers of the Savings Banks and Landesbanken had a rating in the investment grade range (better than BBB–) and thus have high credit quality. This figure is slightly down on the previous year.

Management of counterparty risk at portfolio level
In order to remain sustainable and competitive in the lending business, Savings Banks comprehensively record the risks associated with lending and can manage these in a targeted manner, for example by applying the eKRM (efficient credit risk management) control concept. Through active and efficient credit portfolio management – i.e. by specifically optimising the income and risk situation of their credit portfolio – they are able to gain competitive advantages. This ultimately leads to increases in efficiency and earnings. Despite the changed interest rate environment and after risk costs, the lending market, in particular the customer lending business, remains more profitable and less risky than the capital market business thanks to the consistent use of the risk measurement and assessment procedures listed in the table above.

Diversification of counterparty risk: Syndicated customer lending as an example
The traditional syndicated loan business has been used by Savings Banks for many years. This includes not only credit or risk sharing with the respective Landesbank and association partners, but also, to an increasing extent, the joint financing of larger customer loans by several Savings Banks. This cooperation ranges from direct lending and loan sub-participation to exemption from liability.

Promissory note loans are also a form used by many Savings Banks for targeted investment in corporate lending. All these instruments can be used both to hedge credit risks and to invest in credit risks.

It is crucial that customer responsibility remains with the lending Savings Bank. At the same time, however, the latter has "financing partners" at its disposal, enabling it to increase its scope for manoeuvre in the lending business by reducing its liquidity and capital requirements. The involvement of other Savings Banks, Landesbanken and Group partners is creating new opportunities for credit growth, particularly when it comes to supporting the growth and transformation of large medium-sized companies towards greater digitalisation and sustainability. The joint financing of large investment projects will become increasingly important with the use of the instruments mentioned above.

Credit risk management instruments

Savings Banks Risk-Adjusted Pricing	– Risk-adjusted pricing (RAP) calculates a fair credit premium based on rating scores and collateral as part of a risk-adjusted price. The credit premium is determined in advance and retrospectively on the basis of a calculation tailored to the individual transaction. RAP also supplements the preliminary calculation in terms of the transparency of counterparty risk costs and supports the retrospective calculation with regard to cost transparency and risk-oriented management of new business.
Savings Banks CreditPortfolioView	– CreditPortfolioView (CPV) enables Savings Banks and Landesbanken to determine, measure and display the counterparty risks of a loan portfolio and Depot A in real time. This is generally done on a cash flow basis (value-oriented); P&L-oriented (periodic) calculations are also possible. CPV takes into account changes in the creditworthiness and credit defaults of customers, issuers and counterparties in the corresponding macroeconomic scenarios.
Savings Banks Loss Data Collection	– The loss data collection determines realisation and collection rates from the history of defaulted customers. The loss data is validated annually and integrated into bank management via the RAP and CPV applications for the purpose of managing counterparty risk on the basis of institution or pool data. Additional parameters are estimated from the validated pooled loss data of the Savings Banks Finance Group (e.g. to fulfil the hard test reporting requirements) and comprehensive reports are prepared.

Hedging counterparty risk: Example of Savings Bank loan baskets
For 22 years now, Savings Banks have had another efficient instrument at their disposal for hedging credit risks and managing concentration risks: Savings Banks loan baskets. Unlike syndicated loan business, they offer a way of synthetically hedging credit risks.

Structured like a mutual insurance association, participating Savings Banks place their hedging requirements – based on their entire lending relationship with a major customer – in a basket twice a year and simultaneously participate in the diversified portfolio of SME loans typical of Savings Banks that is thereby created.

A good 40% of all Savings Banks have participated in at least one of the Savings Bank credit baskets, mutually hedging a total of EUR 9.0 billion. Here, too, the basic principle applies that the customer relationship remains with the lending Savings Bank, but at the same time the latter gains more leeway in its lending business with its existing and new customers. This enables it to manage its risk situation in the lending business in a targeted manner.

Managing market price risks
Market price risk management begins with recording the assets invested in this segment in customer and proprietary business. The sum of these asset positions is subject to market price fluctuations, which can lead to increases or decreases in assets. 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 in the technical implementation of measures to deal with these risks. Since 2022, SR has offered Savings Banks standardised methods and parameters for quantifying interest rate, spread, equity and foreign currency risks via the OSPlus application MPR and is working consistently on further developing its market price risk management methods.

Interest rate risk is a significant market price risk. This is measured in the Savings Banks Finance Group as value at risk (VaR) using the standard variance-covariance approach. The MPR application calculates the value-oriented market price risk across portfolio boundaries, enabling consistent assessment of risks in proprietary and customer business. In addition, diversification effects between the risk categories interest rate, spread, foreign currencies and equities within market price risk are taken into account.

Institutions have instruments at their disposal for managing interest rate risks, enabling them to generate specific control measures, taking into account the risk-bearing capacity required by supervisory authorities, supervisory outlier criteria and internal economic and balance sheet limits. The continuous use of these procedures broadens the basis for decision-making at institutions and makes it easier to derive effective measures to manage interest rate risk.

For the Savings Banks Finance Group, managing interest rate risks remained very important in 2024 in the prevailing interest rate environment, as

- the capital invested in interest-bearing business accounts for a significant and strategic share of total capital allocation at most institutions within the Savings Banks Finance Group,
- the institutions must protect themselves against a potential renewed rise or fall in interest rates,
- new refinancing structures require the separation of refinancing and interest rate risk management,
- credit spreads and interest rate risks are more closely linked than before in the case of debt instruments, and
- the supervisory authorities focus on interest rate risk, monitor it using standardised indicators and derive capital requirements on the basis of these indicators. Examples of this are the SREP surcharge for interest rate risks and the calculation of capital recommendations based on data from 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 technology in place. More than two-thirds of Savings Banks regularly report their interest rate risk to the DSGV on this basis.

Evaluations of the Savings Banks' interest rate risks for 2024 show that measures to manage interest rate risks were deliberately adapted to current interest rate developments. At the same time, the different risk appetites and interest rate expectations within the Savings Banks Finance Group ensure a very high degree of diversification within interest-bearing investments across the entire group.

Managing liquidity risk

Liquidity risk refers to the risk of insolvency and the risk of refinancing costs. Market liquidity risk is taken into account for both types of risk. This is the risk that financial instruments cannot be traded at a specific point in 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.

Since 1 January 2018, the European liquidity coverage ratio (LCR) with a regulatory minimum ratio of 100% must be maintained. This requirement was more than adequately met by the Savings Banks (LCR 195.78 as at 31 December 2024). The simulation and planning options for the LCR have been continuously improved in recent years through the "LCR controller" and enable all Savings Banks to fine-tune this short-term ratio.

Based on the EU banking package adopted in April 2019, the structural liquidity ratio Net Stable Funding Ratio (NSFR) with a regulatory minimum ratio of 100% must also be maintained since 28 June 2021. This ratio compares the "required" and "available" refinancing funds over a one-year horizon. In particular, the stable customer deposits of the Savings Banks enable the ratio to be more than adequately met across the entire Savings Banks Finance Group (NSFR of the Savings Banks: 131.14 as at 31 December 2024). The NSFR is also available in a simplified version. The "simplified NSFR" was not applied due to the efficient central implementation of the NSFR reporting system by Finanz Informatik.

The institutions and associations of the Savings Banks Finance Group generally focus on continuously improving the quality and quantity of their liquidity risk management. Centrally developed key figures, such as the survival period (SVP), make risk management comparable and interpretable for management. A key innovation in the technical basis for this is the group-wide "SVP calculator" software and associated "standard parameterisation". The analysis options offered by the comprehensive liquidity reporting system (which includes additional liquidity ratios from AMM [3] in addition to LCR and NSFR) were further expanded in 2022. The detailed data provided by the data centre enables the Savings Banks to analyse their liquidity flows in any level of detail.

Since 2019, the institution-specific process for identifying, measuring, managing and monitoring all liquidity risks (ILAAP) has been further refined. As a result of the ECB's unconventional monetary policy measures during the low and negative interest rate phase, there was a general "surplus liquidity in the banking system". [4] This is likely to remain in place for years, but will gradually decline, for example as a result of the repayment of the Eurosystem's longer-term refinancing instruments and the expiry of the APP and PEPP bond purchase programmes. The Savings Banks are taking adequate account of the new framework conditions in their liquidity risk management and in their refinancing strategy and planning.

Managing operational risk

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

According to AT 2.2 of MaRisk, operational risks must always be considered as "significant risks" and the Savings Banks must therefore maintain appropriate risk coverage potential for them.

For business management, the Savings Banks use the "loss database" and "OpRisk scenarios" procedures offered by SR. The claims database systematically records and evaluates claims that have occurred; this is an ex-post analysis. The "OpRisk scenarios" assess potential operational risks and their loss potential as part of an ex-ante analysis and derive preventive measures.

In addition to procedures for managing operational risks, Savings Banks have access to the "OpRisk estimation procedure" as a standardised tool for estimating operational risks for calculating economic risk-bearing capacity. This takes into account not only the institution's own claims but also claims from the nationwide OpRisk data pool.

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

The procedures provided (loss database, OpRisk scenarios and OpRisk estimation procedures) support the institutions in complying with MaRisk.

[3] Additional Monitoring Metrics for Liquidity Reporting.
[4] https://www.bundesbank.de/en/tasks/monetary-policy/excess-reserves/excess-reserves-and-excess-liquidity--889952

Managing ESG risk
The transformation towards a sustainable economy remains a key focus for politics, society and supervisory authorities, and the ESG risks associated with this change are increasingly being incorporated into banking supervisory requirements for risk management. The 7th amendment to MaRisk, published in June 2023, integrated ESG risks into binding supervisory requirements. These MaRisk amendments must have been implemented by institutions since 1 January 2024. In addition, the EBA published guidelines on ESG risk management in January 2025, accompanied by a consultation paper on ESG scenario analysis. These papers introduce corresponding requirements at the European level. The EBA plans for the requirements to come into force for large and medium-sized institutions from January 2026 and for small non-complex institutions (SNCIs) from January 2027.

ESG risks are not a separate type of risk, but act as risk drivers for the traditional financial risks of credit institutions, such as counterparty default or market price risks. However, when analysing the impact of ESG risks on an institution's individual risk profile, risk management must take a much longer time frame into account than is usual for conventional risk drivers. The Savings Banks therefore supplement their risk inventory with a strategic perspective to ensure an appropriate analysis of the impact of ESG risks on their risk profile.

The starting point for analysing ESG risks across all time horizons (short, medium and long term) are sustainability factors (such as temperature rise or heavy rainfall) and the question of whether these have a relevant impact on the risk profile, business model and/or strategy.

Integration into risk management is structured hierarchically at strategic, tactical and operational levels.

→ At the strategic level, the ESG risk profile is managed through an appropriate business model and suitable business strategy positioning on sustainability. In line with the business strategy, this is taken into account in the risk strategy and when determining the risk appetite and deriving specific control measures.

→ At the tactical level (business structuring), business is structured appropriately in terms of sustainability (e.g. via maturity, pricing, contract design) in order to appropriately manage the ESG risks associated with the business.

→ At the operational level (economic and normative risk-bearing capacity), proven statistical models and scenario techniques are used for risk measurement and capital planning, control is exercised by means of limits and depending on the results of the risk inventory process, and capital is made available for ESG risks. Appropriate consideration of ESG risks is ensured through model and parameter validation and, where necessary, suitable scenario analyses.

Scenario analyses play a central role in the assessment of ESG risks at all levels of bank management. In order to address the challenges associated with ESG risks and to ensure compliance with other sustainability-related regulatory requirements, the DSGV initiated a central project in July 2021, which will be completed by the end of 2024. Another central project is currently being initiated to support institutions in the implementation of additional requirements from the above-mentioned EBA guidelines. In addition, the SR supports institutions with centralised solutions.

The 7th amendment to MaRisk also integrated the EBA guidelines on lending and monitoring, which require ESG risks to be taken into account in lending processes, among other things. These requirements are implemented through the use of the SR's S-ESG score and the DSGV industry service, among other things. The S-ESG score uses twelve indicators (e.g. CO_2 emissions and water consumption) to assess the extent to which corporate customers are exposed to sustainability risks at customer level. The automatically generated default values, which are based on postcode and industry, can be adjusted by the institutions to reflect the individual situation of the corporate customer.

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

The Savings Banks Finance Group's institution protection scheme protects customer deposits at the 348[5] independent Savings Banks, the Landesbanken, DekaBank and the Landesbausparkassen. The following institutions are also affiliated with the sub-funds of the Landesbanken: Berlin Hyp AG, Frankfurter Bankgesellschaft, Landesbank Berlin Holding AG, S-Kreditpartner GmbH, Sparkassen Broker AG & Co. KG and Weberbank AG.

The Savings Banks Finance Group's institution protection scheme is designed as an institutional guarantee system. The primary objective of the institution protection scheme is to avoid compensation claims and to protect the participating institutions themselves, in particular to ensure their liquidity and solvency (institutional protection). This is intended to ensure that the member institutions can continue their business relationships with their customers as contractually agreed. Within the framework of the statutory requirements, the voluntary institutional protection scheme therefore averts any imminent or existing economic difficulties. In addition, the Savings Banks Finance Group's institution protection scheme is officially recognised as a deposit protection scheme under the German Deposit Protection Act (EinSiG). Under statutory deposit protection, customers have a legal claim against the institution protection scheme for the repayment of their deposits up to EUR 100,000. The Deposit Protection Act is decisive in this respect.

The Savings Banks Finance Group's protection scheme 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 Savings Banks Finance Group's institution protection scheme has proven its worth over more than five decades. Since its establishment 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 – expressly cite the institution protection scheme as one of the reasons for their positive ratings for Savings Banks, Landesbanken and Landesbausparkassen.

To increase efficiency and effectiveness, all institutions of the Savings Banks Finance Group will establish an additional fund starting in 2025, which will be available to supplement the existing guarantee funds. In addition to meeting banking supervisory requirements, this additional fund will serve to enable even faster action in the event of a crisis and to provide flexible support to institutions if necessary.

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

The sub-funds have a system for the early detection of potential risks so countermeasures can be initiated promptly. This risk monitoring is based on quantitative and qualitative parameters.

In addition to standardised 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.

[5] As at 31 December 2024.

The sub-funds carry out risk monitoring on the basis of uniform principles. The 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 scheme.

Scope for action by the sub-funds
The sub-funds have information and intervention rights enshrined in their statutes.

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

Institutions without any particular risk exposure are required to provide all information necessary for risk monitoring and must report any special events in accordance with their due diligence obligations. If the risk situation deteriorates, the sub-fund decides on countermeasures. Institutions that find themselves in a special risk situation are required by the sub-funds to submit a restructuring plan and to initiate appropriate measures in terms of resources and personnel.

If an institution needs support, the sub-funds of the institution protection scheme have a wide range of measures at their disposal. Support is usually linked to a restructuring agreement with conditions, for example, benefits are repaid as soon as the economic situation of the institution receiving support has improved. This may also lead to a merger with another institution. The decision-making bodies are granted a high degree of flexibility in order to be able to take account of the specific circumstances of each individual support case.

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

The Regional Savings Bank Associations manage a total of eleven Savings Bank sub-funds, each of which also includes an additional fund sub-portfolio. These are linked by a supraregional compensation mechanism. This mechanism is triggered if the expenses required to settle a support case in one region exceed the funds available there. All other Savings Bank sub-funds then jointly participate in any necessary measures 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, each of which also has an additional fund sub-portfolio:

→ the Landesbank sub-fund and

→ the LBS sub-fund.

If necessary, all sub-funds are jointly liable within the framework of the system-wide equalisation mechanism, namely:

→ all Savings Bank sub-funds,

→ the Landesbank sub-fund and

→ the LBS sub-fund.

This applies in the event that the expenses necessary to settle a support case exceed the funds of the sub-fund concerned. This system-wide compensation means that, in the event of a crisis, all funds of all sub-funds are available for measures to secure the institution.

The sub-funds of the institution protection scheme therefore have the funds and powers to identify and resolve economic problems at their affiliated institutions at an early stage. The aim of each sub-fund is to restore the long-term competitiveness of the institution concerned.

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

Contributions to the Savings Banks Finance Group's institution protection scheme take into account not only the size and scope of an institution's business, but also its individual risk-bearing capacity. The amount of the contributions made by member institutions is calculated in accordance with regulatory requirements based on risk parameters defined for supervisory purposes. The contributions of a member institution increase in line with its business volume and the regulatory risk parameters. This creates incentives for risk-conscious behaviour and thus helps to ensure the solidity of the member institutions.

In accordance with the Deposit Guarantee Act, the institution protection scheme fully built up the financial resources it is required to hold by mid-2024. The statutory target level is 0.8% of the covered customer deposits of the member institutions of the institution protection scheme. A significant portion of the required funds was contributed from existing assets. As a result, the Savings Banks Finance Group's institution protection scheme has always had and continues to have a solid financial base.

Raising funds to protect the institutions

Sequence of contributions to support a Savings Bank

Cash and additional contributions from the affected Savings Bank sub-fund

↓

Cash and additional contributions from other Savings Bank sub-funds (supra-regional equalisation)

↓

Sub-funds of the Landesbanken and Landesbausparkassen (system-wide adjustment)

Sequence of contributions to support a Landesbank

Cash and additional contributions from the Landesbank sub-fund

↓

Sub-funds of the Savings Banks and Landesbausparkassen (system-wide compensation)

↓

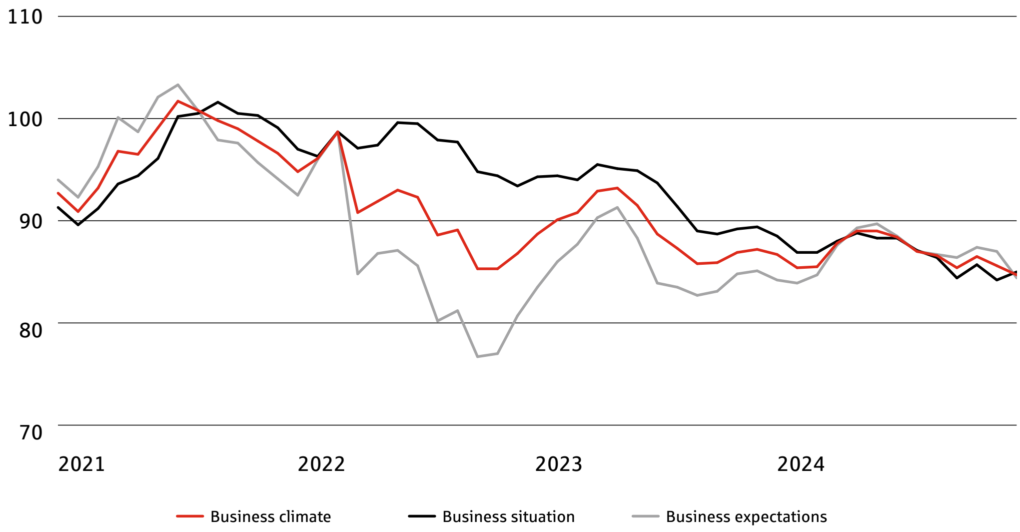
The sequence of contributions to support a Landesbausparkasse is analogous.

Forecast report

Economic conditions in 2025

2025 began with major upheavals in the global economy, particularly in world trade. Starting with the new US administration, high tariff barriers were implemented or at least threatened. Even though some measures have been suspended or postponed for negotiation, most of the damage has already been done. Trust has been eroded and companies in many countries and industries are no longer able to plan their market activities. Investments are being put on hold in this phase of extreme uncertainty. At least in the US itself, there is a threat of increased price pressure. Almost all countries involved are likely to be negatively affected in terms of growth.

The ifo Business Climate for trade and industry



Source: ifo Institut

The stock markets reacted with significant losses in April. The US dollar came under considerable pressure on the currency markets. Other sentiment indicators were also negatively affected. In Germany, the ifo business climate remains at a low level. Here, the negative impulses from the international trade dispute are mixed with the hoped-for stimulus from the announced additional government spending in the areas of defence and infrastructure.

Forecasting overall economic development in this environment is even more uncertain. Most of the relevant current forecasts highlight the risks to their outlook and currently only present possible scenarios. This is the approach taken by both the German economic research institutes in their spring reports and the International Monetary Fund in its spring economic outlook.

In their medium-term scenario, both institutions assume that the German economy will again only achieve a growth rate close to zero in 2025. This would make 2025 the third consecutive year of stagnation in Germany. The period of structural weakness is therefore set to continue. A further rise in the unemployment rate is also to be expected in the current year.

The signs point to recovery only in 2026. The higher government spending plans are not expected to take effect until next year. Most forecasts assume growth rates of around 1% for Germany in 2026.

Meanwhile, prices are expected to remain favourable. Annual consumer prices are likely to reach the European Central Bank's target of 2% in both the eurozone and Germany in 2025. However, there are still major uncertainties surrounding the customs issue. Depending on the EU's trade policy response, possible diversion of goods through third countries and exchange rate developments, various factors could come into play that could push inflation in either direction around the target level.

As for interest rates, it should be noted that the global cycle of interest rate cuts is likely to come to an end in 2025. In the US, there is no further scope for cuts in view of the new price pressure. If key interest rates were to be reduced, there would be a risk that this would be politically enforced, with very negative consequences. In the eurozone, on the other hand, the ECB's institutional independence is unchallenged. But here too, there is only limited scope for interest rate cuts. Monetary policy is no longer restrictive at the level it has now reached. If anything, only a few steps are conceivable in 2025. Against the backdrop of rising government debt and the associated shortage of capital, the real interest rate determined by the real economy is likely to rise in the coming years.

Savings Banks' business development

In the first few months of 2025, against a backdrop of weak economic activity and uncertainty surrounding the overall economic policy situation, Savings Banks recorded an increase in new lending to companies and the self-employed compared with the previous year. This was attributable to growth in commercial residential construction loans and an increase in working capital and investment loans. In the first few months, more loans were also granted to private individuals than in the same period of the previous year. Despite rising interest rates, a renewed upturn in residential property prices and continuing resource shortages in the construction industry, new business in residential property loans was clearly above the levels of the same months in 2024, although it did not reach the figures for 2020–2022.

In the deposit business, against the backdrop of falling deposit interest rates in recent months, growth in own issues/savings bonds and fixed-term deposits has slowed. Demand and savings deposits have declined more sharply overall, resulting in a slight decline in deposits since the beginning of the year. The decline is currently roughly in line with the same period of last year. In the customer securities business, turnover has so far been significantly higher than in 2024, with net sales (purchases minus sales) clearly positive but below the previous year's level.

The current year will be strongly influenced by the behaviour of the Trump administration and its consequences for Europe and peace in Europe (Ukraine) on the one hand, and by the plans of the new coalition government to stimulate the German economy on the other.

There is still a high level of economic uncertainty among companies and consumers, but this is slowly improving. However, the German economy is vulnerable to the current protectionist economic policy of the USA due to its heavy dependence on exports.

In the current situation, the impact of interest rates on investment activity has therefore largely decoupled, although the period of inverted yield curves will end in 2025 and yield curves will steepen again.

For the year as a whole, we expect a slight increase in total assets, a slight reduction in net interest income from a high level, a further rise in commission income and a noticeable increase in personnel and material expenses.

The overall valuation result is expected to be significantly lower than in the previous year.

We anticipate further slight valuation gains in the securities business from returns (maturities) of the record write-downs in 2022. At the same time, there are currently no negative valuation effects from markets or interest rate developments.

By contrast, loan loss provisions are rising. Corporate customers remain very resilient overall thanks to their strong capital base and high flexibility. Insolvency figures continue to rise in sectors such as construction and retail, which will also affect our customers. Private customers have benefited from extensive government support measures to date and, despite continued consumer restraint, are looking to the future with a healthy liquidity buffer. Therefore, despite a slight increase in private insolvencies, no significant rise in loan defaults is expected in this segment.

Under these conditions, the allocation to the provision reserves will remain at a high level, albeit lower than in the previous year, but is still expected to reach a very satisfactory level over time.

Business development of the Landesbanken

2025 will be another year of diverse challenges for the Landesbanken. Thanks to their strengths and long-term business policies, the institutions remain well positioned to maintain their market position.

The strengths of the Landesbanken remain their long-standing expertise, their established customer relationships, their deep roots in the regions – combined with their international presence – and their close integration into the Savings Banks Finance Group.

The Landesbank group holds significant market positions in key lending and deposit categories: at the end of March 2025, its market share in corporate lending [1] stood at 11.9% and in corporate deposits at 14.3%. They hold a 25.1% share of the total market volume for loans to domestic public-sector entities and a 23.0% share of their deposits. In the first quarter of 2025, the institutions' aggregate total assets did not grow as strongly as in the same quarter of the previous year. The customer lending business will be further expanded; so far, it has developed somewhat less dynamically than in the same period of the previous year. Growth is largely driven by lending to domestic companies. On the deposit side, customer deposits continue to rise, particularly from both companies and public authorities.

The environment for the German banking industry will remain highly challenging in 2025. On the one hand, long-standing parameters such as complex regulatory requirements and intense competition in the market will remain in place. In addition, future issues such as sustainability, digitalisation and demographic change will be of great importance. On the other hand, the risks to global economic development have increased significantly since the outbreak of war in Ukraine and the Middle East. Added to this are the smouldering conflict over Taiwan and the new unpredictability of the US under the Trump administration, which, for example, is abruptly overturning rules that have governed

[1] Investment loans excluding commercial residential construction.

world trade for decades. Together with structural difficulties (bureaucracy, skills shortages and high energy costs), economic uncertainty has led to a decline in corporate investment. The new German government has set itself the goal of removing obstacles to investment and improving the economic framework conditions in the long term.

The banking industry is likely to benefit from economic stimulus factors such as higher real incomes and a recovery in private consumer demand in the 2025 banking year. However, credit growth could remain at a low level if companies remain reluctant to invest. At the same time, construction and real estate prices remain high, which is dampening residential construction. Higher risk provisioning requirements will also remain in place due to economic and geopolitical uncertainties. Increased loan defaults in individual sectors cannot be ruled out if the economic weakness continues and trade conflicts intensify. Although this could weigh on the earnings situation of institutions, the Landesbanken are well equipped to cope with this as a result of their solid capital and liquidity resources and balanced risk profile.

Advancing digitalisation has led to changes in customer behaviour and a profound transformation of the banking business. Artificial intelligence will further accelerate this process. In addition, new competitors are driving this digitalisation push. Business models must therefore be continuously adapted and appropriate investments made, particularly in a modern, powerful and efficient IT infrastructure. The banks' digitalisation initiatives range from customer interfaces to internal processes, with the aim of making processes more efficient and creating an expanded range of products and services for customers. However, the goal is also to minimise IT security risks and ward off cyber attacks. The Landesbanken work continuously to strengthen their competitiveness through various cost-cutting measures and transformation programmes.

In addition to digitalisation, sustainability is a key issue for the Landesbanken, from which strategic sustainability goals can be derived. The institutions will further expand their range of sustainable investment and financing options for their customers. Corporate customers are to be supported in their transformation to sustainable business models. At the institutional level, Landesbanken will make their business operations more resource-efficient and steadily increase the share of ESG-compliant products in their portfolios. They will pursue a holistic approach that takes environmental, social and corporate governance aspects into account. European sustainability reporting standards will make the achievement of sustainability targets measurable and verifiable.

The partnership with the Savings Banks provides an excellent opportunity for both sides to counteract the pressure on profitability. Within the Group, the aim is to further expand the range of products and services, create targeted product and service initiatives and support Savings Bank business through digital applications and platforms. This will enable the business potential of the Savings Banks to be further maximised and efficiency to be increased. Joint financing for larger companies and support for foreign business serve the export-oriented corporate customers of the Savings Banks.

The pooling of expertise within the Landesbank group is another way in which the division of labour can make the Savings Banks Finance Group more efficient and increase the competitiveness of the institutions.

The trust-based cooperation with private and corporate customers, the Savings Banks and the public sector will continue successfully in 2025. The aim is to respond flexibly and promptly to challenges by further developing business models and responding to new customer needs. The Group's strength will be used to actively support the transformation to a more sustainable economy.

Business development of the Landesbausparkassen
Following the boom in building society savings triggered by the abrupt interest rate reversal at the beginning of 2022, business is expected to normalise further. High demand for low-interest building society loans is likely to continue for the time being, as the conditions for home ownership remain characterised by high construction prices and high financing costs. An important driver for the granting of building society loans is the growing need for energy-efficient modernisation of owner-occupied homes, which is resulting from higher heating costs due to rising CO_2 prices. Building society savings are also being boosted by improved state capital formation subsidies for employees from 2024, which are intended to provide incentives for long-term savings. However, the global trade conflicts could dampen the overall economic situation and thus dampen the propensity to take out building society savings, so that overall results for the current year are expected to be modest.

Management outlook from the President

The start of a new legislative period and the formation of a new federal government present our country with important opportunities. The planned investment package worth EUR 500 billion offers a historic opportunity: now is the time to use these funds wisely and effectively – for a modern, sustainable society and a resilient economy.

Germany needs a clear plan for the future. Sensible investments in infrastructure, digitalisation and the modernisation of our schools and childcare facilities are just as essential as targeted economic incentives to enable growth and promote sustainable innovation. It is not just about new roads or fibre optic cables – it is about social cohesion, participation and the future of our children.

> “Our entire country, especially small and medium-sized enterprises, must be freed from the stifling bureaucracy that is suffocating every initiative. Only then can the necessary willingness to invest be revived.”

Professor Ulrich Reuter
President of the German Savings Banks Association

But money alone is not enough. We need a new spirit for the future. We must promote creativity, commitment, entrepreneurial spirit and innovation more strongly. This includes less bureaucracy, more investment in education, more trust in personal responsibility, reliable framework conditions and genuine legal certainty. In this way, we will create space for ideas and solutions – and regain people’s trust.

It is particularly important to focus on the interests and needs of the local population – especially in rural areas. It is there that the success of transformation will be decided. Attractive living conditions, functioning infrastructure and economic prospects in all regions of our country are the key to long-term social success. Our regionally and decentralised Savings Banks and the associated companies of the Savings Banks Finance Group are particularly well placed to help shape this change at local level – close to the people, deeply rooted in the regions and with a clear understanding of local challenges and potential.

We finance the future. Our institutions are the strongest financing partner for German SMEs and skilled trades. Over 40% of all corporate loans come from our Group – a reflection of our responsibility and confidence in the economic strength of businesses in our country.

In a time of multiple upheavals, we are actively shaping the future. We ensure financial security, strengthen the resilience of our economy and contribute to Germany's economic and social stability.

Supplementary report

No significant events occurred after the balance sheet date of 31 December 2024.

5. AGGREGATED FINANCIAL STATEMENTS

Explanatory notes on aggregation

Scope of aggregation

The aggregated balance sheet and aggregated profit and loss account (P&L) presented by the DSGV comprise the financial statements of all Savings Banks Landesbanken and Landesbausparkassen.

The Landesbausparkassen have been fully included in the scope of aggregation irrespective of their legal form (legally independent companies or legally dependent units of the Landesbanken).

Foreign branches, domestic and foreign subsidiaries and Landesbausparkassen are not included in the Landesbank segment.

Aggregation procedure

When preparing the aggregated balance sheet, the December 2023 and 2024 reports on monthly balance sheet statistics (Bista) submitted to the Deutsche Bundesbank were used for the Savings Banks and Landesbanken. The corresponding balance sheet figures for the Landesbausparkassen are taken from their respective annual reports.

The figures for the aggregated profit and loss account (P&L) for the 2023 and 2024 financial years are based on the results of the intercompany comparison and the FINREP reports of the Savings Banks and the individual financial statements of the Landesbanken, published in accordance with the German commercial code (HGB), whereby the results of the intercompany comparison of the Savings Banks have been reclassified in accordance with the HGB system. The figures for the Landesbausparkassen for both financial years were taken from the respective annual reports, which are also prepared in accordance with the German commercial code (HGB).

The result of this data compilation consists of an unconsolidated balance sheet total and an unconsolidated profit and loss statement for the institutions affiliated with the Savings Banks Finance Group's institution protection scheme. Other institutions also affiliated with the institution protection scheme of the Savings Banks Finance Group are: Berlin Hyp AG, Frankfurter Bankgesellschaft (Deutschland) AG, Landesbank Berlin Holding AG, S-Kreditpartner GmbH, S Broker AG & Co. KG and Weberbank Actiengesellschaft.

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

	2024[1] in EUR million	2023 in EUR million
Net interest income	**38,781**	37,144
Interest income	117,696	107,586
Interest expense	78,915	70,443
Net commission income	**12,262**	11,583
Commission income	15,600	14,575
Commission expense	3,338	2,992
Net income from financial operations	**1,006**	1,073
Administrative expenses	**30,349**	29,360
Personnel expenses	17,513	16,581
Other operating expenses	12,836	12,779
Other operating income	**1,830**	1,684
Operating result before valuation	**23,530**	22,123
Valuation result (excluding equity interests)	**–4,899**	–3,975
Operating result after valuation	**18,631**	18,148
Balance of other and extraordinary income/expenses [2]	**–8,625**	–8,550
of which: allocations to the fund for general banking risks in accordance with Section 340g of the German Commercial Code (HGB) [3]	–9,210	–7,929
Net income before taxes	**10,006**	9,598
Income taxes	**5,223**	5,334
Net income after taxes	**4,783**	4,264
of which net income after taxes of the Savings Banks	2,548	2,534
of which net income after taxes of the Landesbanken	2,152	1,631
of which net income after taxes of the Landesbausparkassen	83	99
Return on equity	in %	in %
Before taxes	9.9	9.4
After taxes	7.2	6.6
Cost-income ratio (operating income)	**56.3**	57.0

*Savings Banks Finance Group: 1. Savings Banks, 2. Landesbanken excluding foreign branches, excluding domestic and foreign subsidiaries, excluding LBS, 3. Landesbausparkassen (legally independent LBS and legally dependent divisions of the Landesbanken).

[1] Preliminary figures from annual financial statements that have not yet been fully audited in accordance with the German commercial code (HGB); rounding differences are possible.

[2] This includes the balance of gains from the sale of financial investments and securities held as fixed assets, write-downs/write-ups of financial investments and securities held as fixed assets, and changes in the fund for general banking risks in accordance with Section 340g of the German commercial code (HGB) (additions to the fund for general banking risks with a negative sign).

[3] Allocations to the fund for general banking risks in accordance with Section 340g of the German commercial code (HGB) are taken into account here – as in the "original" income statement in accordance with the German commercial code (HGB) – as expenses reducing the net income for the year.

Source: Intercompany comparison and FINREP reports of the Savings Banks, annual reports of the Landesbanken (individual financial statements in accordance with the German commercial code (HGB)), 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	
		2024 in EUR million	2023 in EUR million
1	Cash reserve [1]	**30,931**	28,601
1a	of which balances with central banks	21,092	19,527
2	Treasury bills [2]	**105**	97
3	Bill of exchange	**0**	0
4	Loans and advances to banks (MFIs)	**430,221**	424,969
5	Loans and advances to non-banks (non-MFIs)	**1,495,984**	1,478,636
6	Debt securities and other fixed-income securities	**298,524**	284,122
7	Equities and other non-fixed-income securities	**114,282**	109,419
8	Investments	**14,944**	14,517
9	Shares in affiliated companies	**11,332**	11,723
10	Trust assets	**16,732**	13,977
11	Equalisation claims	**0**	0
12	Tangible fixed assets	**14,447**	13,421
13	Other assets	**109,421**	113,329
14	**Total assets**	**2,536,923**	**2,492,810**

*Savings Banks Finance Group: 1. Savings Banks, 2. Landesbanken excluding foreign branches, excluding domestic and foreign subsidiaries, excluding 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 bonds and similar debt instruments issued by public authorities.

Liabilities		Balance at the end of the year	
		2024 in EUR million	2023 in EUR million
1	Liabilities to banks (MFIs)	**342,121**	370,185
2	Liabilities to non-banks	**1,562,890**	1,515,235
2a	Savings deposits	261,864	288,583
2b	Other liabilities	1,301,027	1,226,653
3	Securitised liabilities	**240,856**	224,550
3a	of which: debt securities issued	217,335	210,526
3b	of which: money market instruments issued	23,413	14,024
4	Trust liabilities	**16,732**	13,977
5	Value adjustments	**3,455**	866
6	Provisions	**24,211**	24,557
7	Subordinated liabilities	**18,528**	17,824
8	Participation capital	**1,122**	902
9	Equity [1]	**198,014**	187,572
10	Other liabilities [2]	**128,994**	137,141
11	**Total liabilities**	**2,536,923**	**2,492,810**
12	Contingent liabilities [3]	**0**	0
13	Bills of exchange receivable	**0**	0
14	Business volume	**2,536,923**	2,492,810
15	Guarantees	**73,971**	74,259

[1] Endowment capital and reserves (including fund for general banking risks).
[2] Including special items with a reserve component.
[3] From bills of exchange passed on and settled (including own drawings).
Source: DSGV, balance sheet statistics/business performance of Savings Banks, Landesbanken (excluding LBS, foreign branches and domestic and foreign subsidiaries) and Landesbausparkassen

6. ABOUT THE DSGV (GERMAN SAVINGS BANKS ASSOCIATION)

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

It represents the interests of all entities associated with the Savings Banks Finance Group in matters of banking policy, credit management and regulatory issues vis-à-vis national and international institutions as well as the general public. The DSGV also organises the decision-making process within the Savings Banks Finance Group and its strategic orientation.

To this end, its members and affiliated companies work with the DSGV to develop concepts for successful market development. This covers 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 responsible for the central educational institutions of the Savings Banks Finance Group: the University of Applied Sciences for Finance and Management in Bonn, the Geld und Haushalt (Money and Budgeting) Advisory Service and the Sparkassen-Schulservice (Savings Banks School Service). Other joint institutions include the Foundation for Science with its research fellowship programme and the German Sparkassenstiftung (Savings Banks Foundation) for International Cooperation.

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

Extract from the Savings Banks Finance Group’s association structure

[1] Including the federal office of the Landesbausparkassen.

* As at 31 December 2024.
343 Savings Banks as of 15 June 2025

DSGV[1]

Management

Professor Ulrich Reuter
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
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Executive Committee

Ordinary Members	Alternate Members
Professor Ulrich Reuter President of the German Savings Banks Association, Berlin **– Chairman –**	
Michael Breuer President of the Rhenish Savings Banks Association, Düsseldorf	**Cornelia Hoffmann-Bethscheider** President of the Saar Savings Banks Association, Saarbrücken
Stephan Winkelmeier Chairman of the Management Board of the Bayerische Landesbank, Munich	**Rainer Neske** Chairman of the Management Board of Landesbank Baden-Württemberg, Stuttgart/ Karlsruhe/Mannheim
Walter Strohmaier Chairman of the Management Board of Sparkasse Niederbayern-Mitte, Straubing	**Alexander Wüerst** Chairman of the Management Board of Kreissparkasse Köln
Ralph Spiegler Mayor of the Municipality of Nieder-Olm and First Vice-President of the German Association of Towns and Municipalities, Berlin	**Professor Hans-Günter Henneke** Executive Member of the Presidium of the German Counties, Berlin

[1] All information: as of the editorial deadline on 8 July 2025.

Group Management Board

Chairman of the Management Board

Professor Ulrich Reuter
President of the German Savings Banks Association, Berlin

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

Michael Breuer
President of the Rhenish Savings Banks Association, Düsseldorf
1st Vice President

Stephan Winkelmeier
Chairman of the Management Board of Bayerische Landesbank, Munich
2nd Vice-President

Walter Strohmaier
Chairman of the Management Board of Sparkasse Niederbayern-Mitte, Straubing
3rd Vice-Chairman

Ralph Spiegler
Mayor of the Municipality of Nieder-Olm and
First Vice-President of the German Association of Towns and Municipalities, Berlin
4th Vice-President

Members of the Management Board

Chairpersons of the Association

Cord Bockhop
President of the of Lower Saxony Savings Banks Association, Hanover

Michael Breuer
President of the Rhineland Savings Banks Association, Düsseldorf

Professor Liane Buchholz
President of the Westphalia-Lippe Savings Banks Association, Münster

Matthias Dießl
President of the Bavarian Savings Banks Association, Munich

Dr Johannes Evers
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Chairman of the Management Board of Landesbank Berlin AG/Berliner Sparkasse

Thomas Hirsch
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Cornelia Hoffmann-Bethscheider
President of the Saar Savings Banks Association, Saarbrücken

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Stefan Reuß
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Oliver Stolz
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Dr Harald Vogelsang
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Ludger Weskamp
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Executive Directors of the Girozentralen (clearing banks)

Dr Jochen Sutor
Chairman of the Management Board of Saar LB, Saarbrücken

Jörg Frischholz
Chairman of the Management Board of Norddeutsche Landesbank, Hanover/Braunschweig/Magdeburg

Thomas Groß
Chairman of the Management Board of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main and Erfurt

Rainer Neske
Chairman of the Management Board of Landesbank Baden-Württemberg, Stuttgart/Karlsruhe/Mannheim – also Member of the Management Board of the Association of German Public Banks, Berlin

Stephan Winkelmeier
Chairman of the Management Board of Bayerische Landesbank, Munich

National Chairman of Savings Banks Boards (Bundesobmann)

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

Regional Chairmen of Savings Banks Boards (Landesobleute)

Ingo Buchholz
Chairman of the Management Board of Kasseler Sparkasse, Kassel

Karl-Josef Esch
Chairman of the Management Board of Kreissparkasse Mayen, Mayen

Dr Matthias Everding
Chairman of the Management Board of Sparkasse Nürnberg, Nuremberg

Johannes Hartig
Chairman of the Management Board of Sparkasse Osnabrück, Osnabrück

Ulrich Lepsch
Chairman of the Management Board of Sparkasse Spree-Neiße, Cottbus

Bernhard Lukas
Chairman of the Management Board of Sparkasse Gelsenkirchen, Gelsenkirchen

Dr Tim Nesemann
Chairman of the Management Board of Sparkasse Bremen AG, Bremen

Thomas Piehl
Chairman of the Management Board of Sparkasse Holstein, Eutin and Bad Oldesloe

Frank Saar
Chairman of the Management Board of Sparkasse Saarbrücken, Saarbrücken

Burkhard Wittmacher
Chairman of the Management Board of Sparkasse Esslingen-Nürtingen, Esslingen am Neckar

Alexander Wüerst
Chairman of the Management Board of Management of Kreissparkasse Köln, Cologne

Representatives of the municipal umbrella organisations

German Association of Cities

N.N.
German Association of Cities

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

Association of German Counties

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Managing Member of Executive Committee of the Association of German Counties, Berlin

Joachim Walter
Administrator of the District of Tübingen and Vice-President of the Association of German Counties, Berlin

German Association of Towns and Municipalities

Dr André Berghegger
Chief Executive of the German Association of Towns and Municipalities, Berlin

Ralph Spiegler
First Vice-President of the German Association of Towns and Municipalities, Berlin

DekaBank Deutsche Girozentrale

Dr Georg Stocker
Chairman of the Management Board of DekaBank Deutsche Girozentrale, Berlin and Frankfurt am Main

Chairman of the Building Society Conference

Jörg Münning
Chairman of the Management Board of LBS Landesbausparkasse NordWest, Münster

Other Members of the DSGV e. V. Management Board

Karolin Schriever
Executive Member of the Board of the German Savings Banks Association, Division A, Berlin

Dr Joachim Schmalzl
Executive Member of the Board of the German Savings Banks Association, 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
CMDI	Crisis Management and Deposit Insurance	Krisenmanagement und Einlagensicherung
CRD	Capital Requirements Directive	Eigenkapitalrichtlinie
CRR	Capital Requirements Regulation	Eigenkapitalverordnung
CSR	Corporate Social Responsibility	Soziale Unternehmensführung
CSRBB	Credit Spread Risk arising from non-trading book activities	Kredit-Spread-Risiko im Anlagebuch
EBA	European Banking Authority	Europäische Bankenaufsichtsbehörde
EDIS	European Deposit Insurance Scheme	Europäisches Einlagensicherungssystem
EinSiG	Deposit Insurance Act	Einlagensicherungsgesetz
eCRM	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
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
IRRBB	Interest Rate Risk in the Banking Book	Zinsänderungsrisiko im Anlagebuch
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 Programme	Pandemienotfallkaufprogramm
PSD 2	Payment Services Directive 2	Zweite Zahlungsdiensterichtlinie
P&L/GuV	Profit and Loss Account	Gewinn-und-Verlust-Rechnung
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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