4. MANAGEMENT REPORT

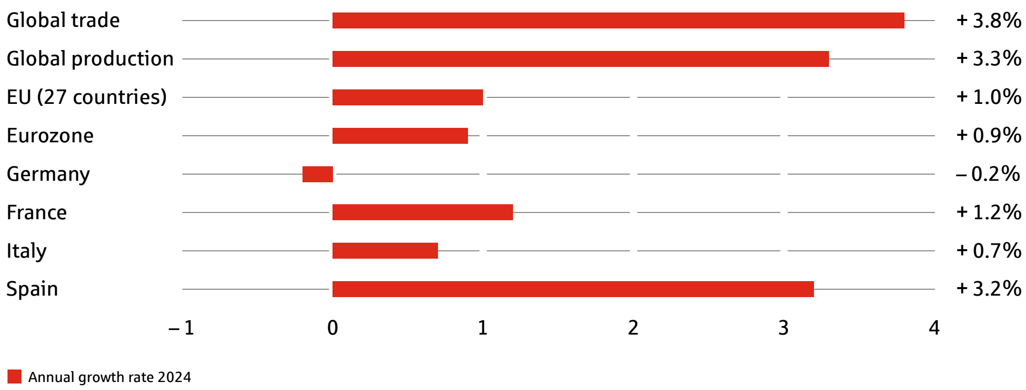
Economic report

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.

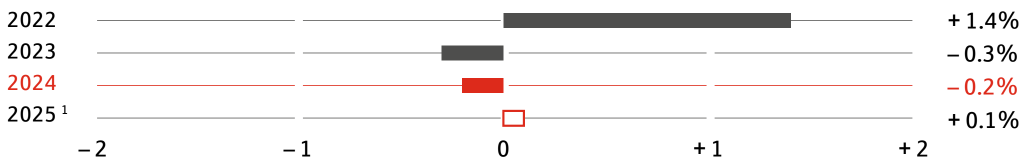
German exports of goods and services declined by 1.1% in real terms in 2024. Against the backdrop of economic growth in most trading partner countries and thus a fundamentally growing sales market, the decline in German exports indicates a loss of competitiveness on the part of the German economy. German 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.

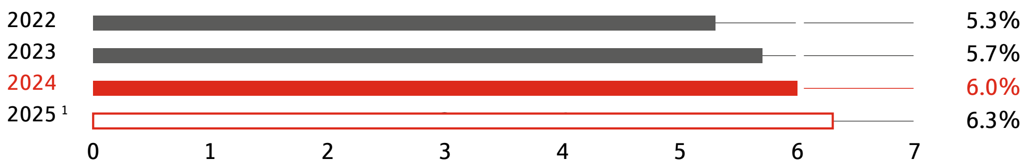
The strongest contribution to growth in 2024 came from government consumption, with price-adjusted growth of 3.5%. As already noted in the comments on employment trends, health expenditure increased particularly sharply. Overall, total government expenditure (federal, state and local government, social 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

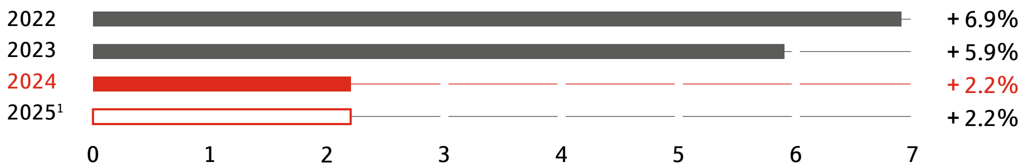
Growth in real gross domestic product (GDP) in % (Germany)



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.

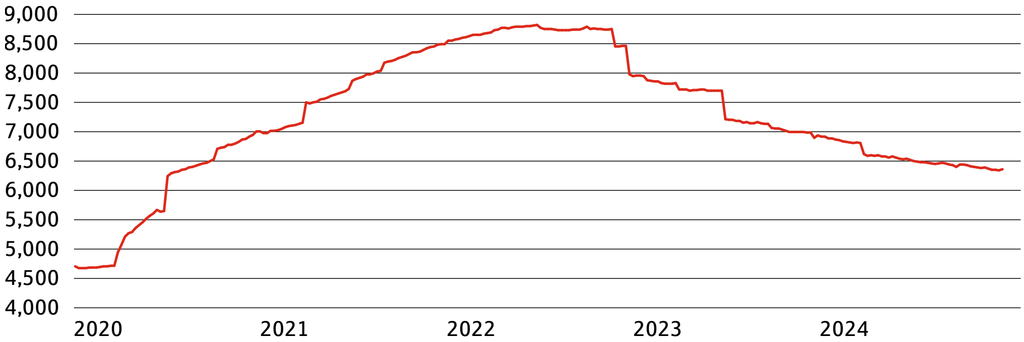
Developments on the money and capital markets

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.

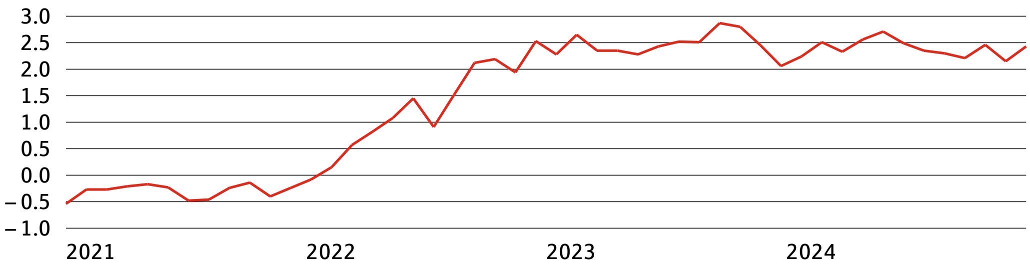
Consolidated balance sheet total of the Eurosystem, in EUR billion



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 %

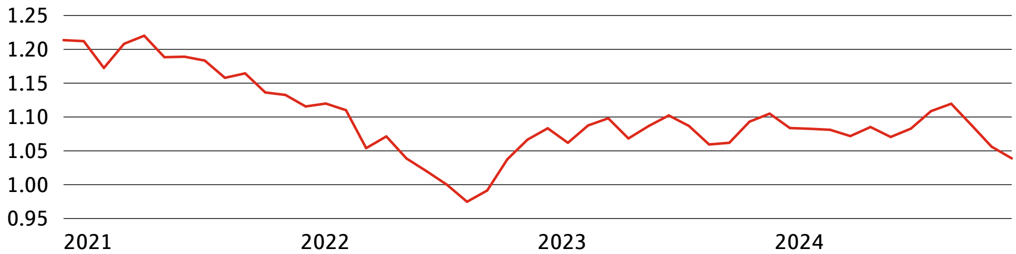


Source: Deutsche Bundesbank

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

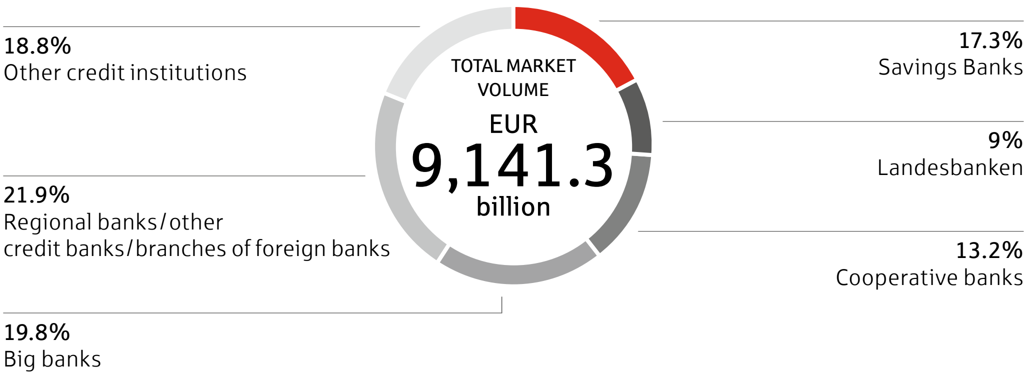
General overview

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.

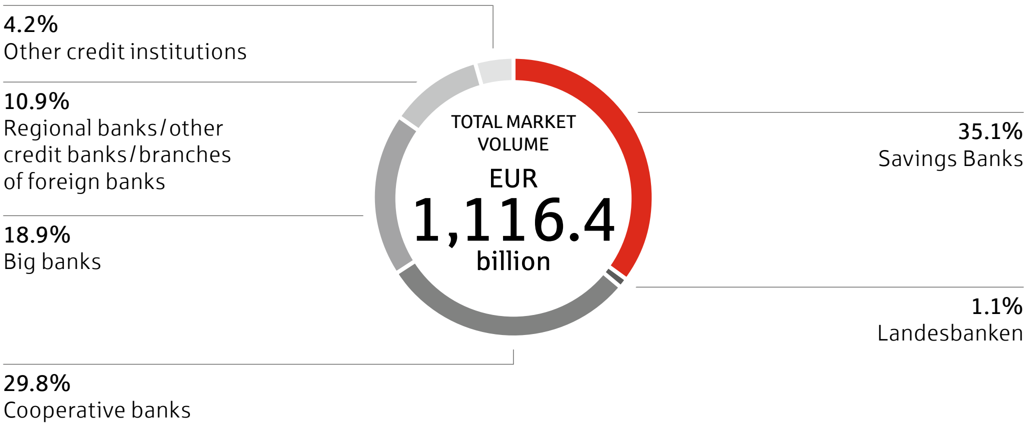
This means that the Savings Banks Finance Group remains the most important financial partner within the German banking industry, especially for small and medium-sized enterprises. It is followed at a considerable distance by cooperative banks with 21.5%, regional and other credit banks[3] with 16.7%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

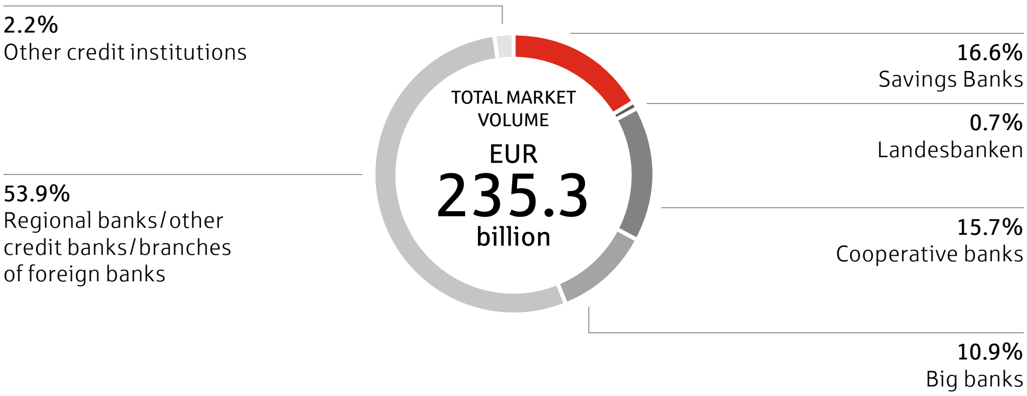
The Savings Banks Finance Group was able to expand its portfolio slightly in 2024. The portfolio volume increased by EUR 2.1 billion to EUR 403.6 billion. The Savings Banks account for 35.1% of the total market. Together, Savings Banks and Landesbanken have a market share of 36.2%. The second strongest 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



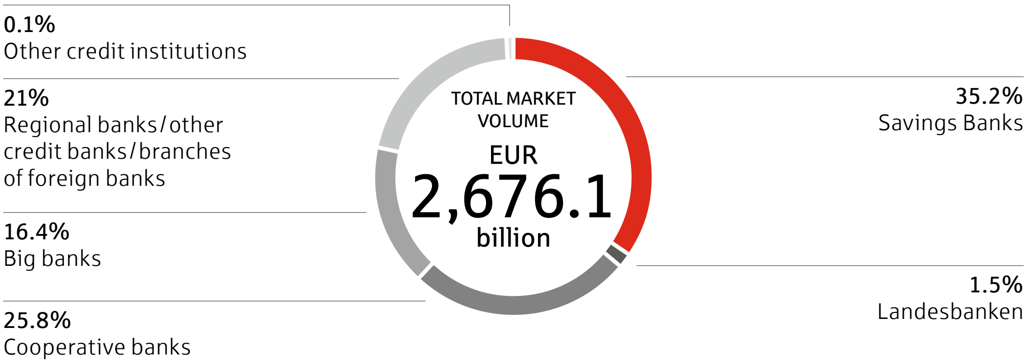
Deposits from private customers

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.

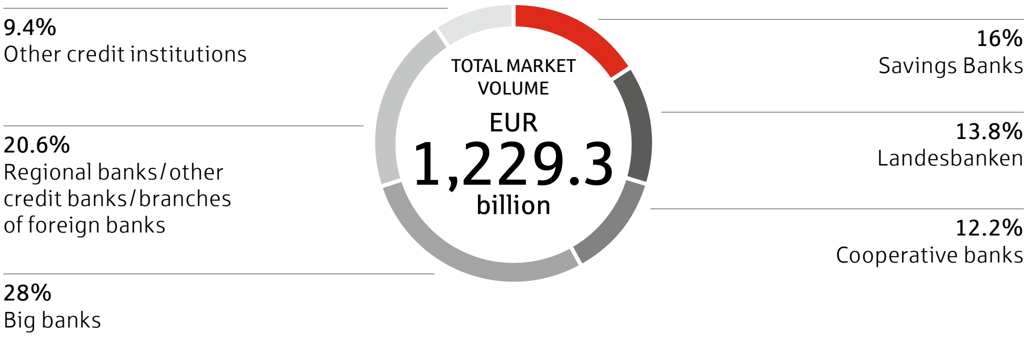
[5] Including branches of foreign banks.

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).

7.1
EUR billion
NET INCOME BEFORE TAXES OF THE SAVINGS BANKS

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.

[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.

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.

16.90%
CORE CAPITAL RATIO OF THE SAVINGS BANKS

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.

421.9
EUR billion
CUSTOMER LOANS OF THE LANDESBANKEN

326.9
EUR billion
CUSTOMER DEPOSITS OF THE LANDESBANKEN

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%).

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.

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.

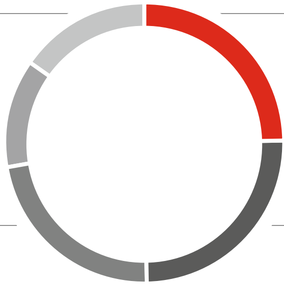
With its wide range of dual study programmes, training-integrated courses and trainee positions, the Savings Banks Finance Group uses a complementary approach to meet its need for young talent, especially among high-potential school leavers.

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



15.3%
Other

12.7%
Academics

21.6%
Savings Bank/Banking administrator

25.2%
Banking apprenticeship

25.2%
Savings Bank/Banking specialist

[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

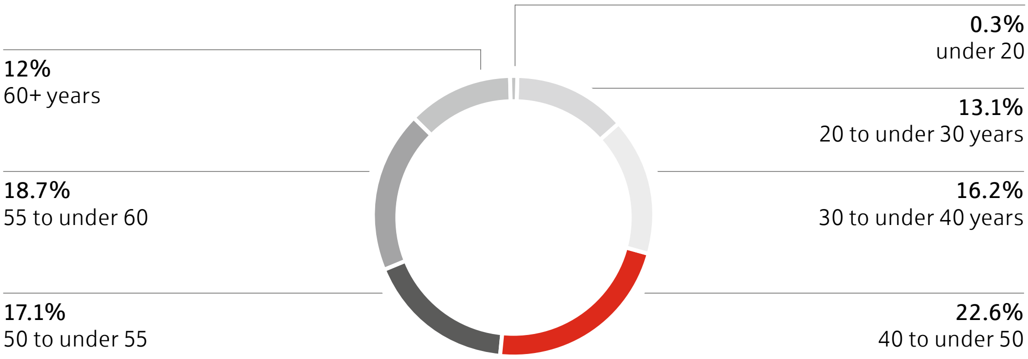
Social responsibility is part of our daily business – we are therefore aware of the importance of diversity and are strongly committed to creating a working environment that is shaped by different perspectives, backgrounds and skills.

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

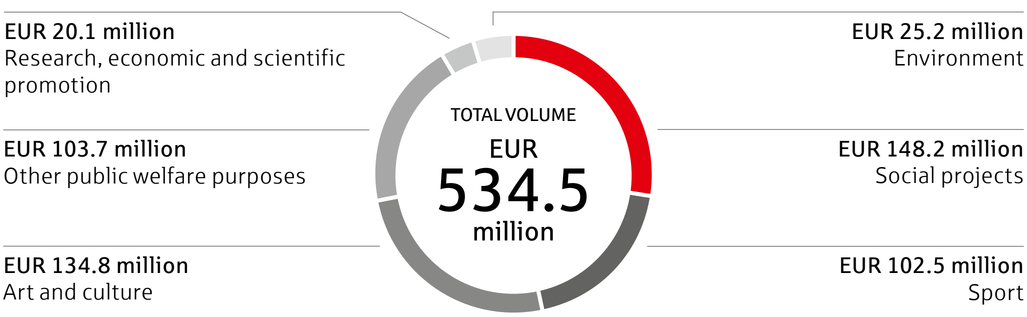
The Savings Banks are involved in a wide range of projects for children, young people and senior citizens. They direct their funding to society as a whole and support, for example, social counselling centres, neighbourhood centres and integration projects for immigrants. Social commitment is the Savings 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).

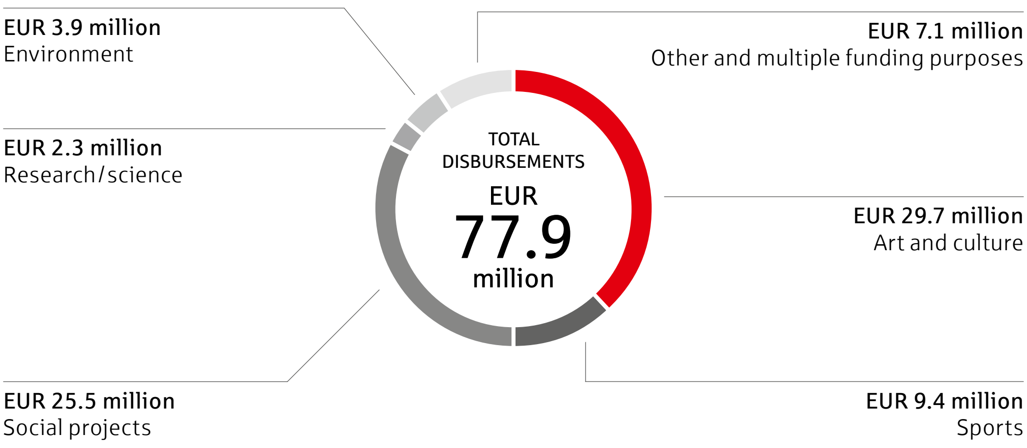
Research, economic and scientific promotion

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)

↓

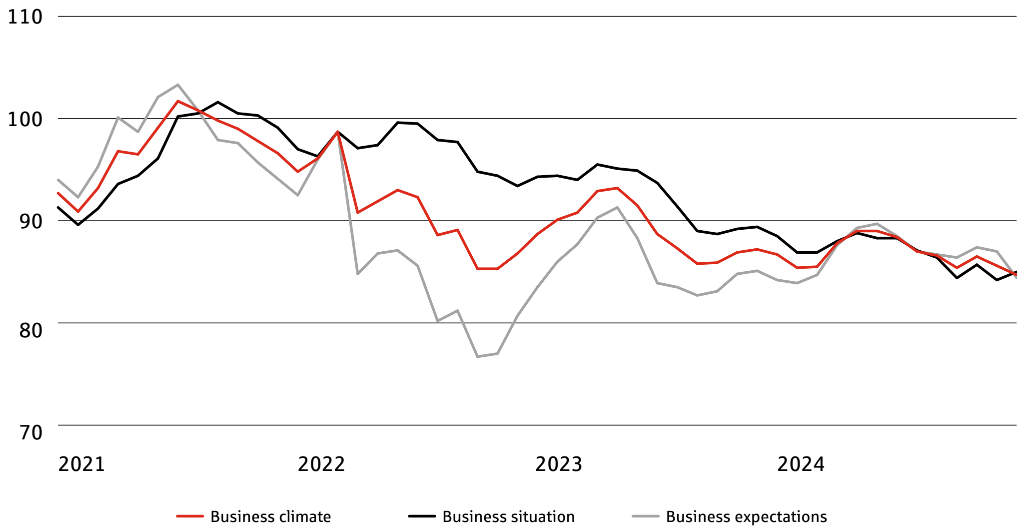
The sequence of contributions to support a Landesbausparkasse is analogous.

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.