

---

**HELMUT SCHLEWEIS**  
President of the German Savings Banks Association



**“In 2018, Savings Banks invested heavily in their core product, the current account, and now provide new payment solutions and new digital services to retail and corporate customers.”**

---

Berlin, July 2019

*Ladies and Gentlemen,*

The Savings Banks Finance Group performed well in 2018, which was a challenging year. The Group's institutions have promoted both the stability and the momentum of Germany's economy, and they have contributed to an innovative European banking market, in particular in the field of payments. They have done so in an economic environment that is characterised by persistent ultra-low interest rates and growing competition from international platform providers.

FOR MORE INFORMATION  
ON INNOVATION AND SMEs

Pages 16–31

In 2018, Savings Banks invested heavily in their core product, the current account, and now provide new payment solutions and new digital services to retail and corporate customers. Savings Banks as the market leader have introduced instant payments, payments from mobile phone to mobile phone, and mobile payments with debit cards on a broad scale to the German market. Their current account services are based on the Savings Banks' own platform architecture. In addition, Savings Banks are investing in digital support for corporate clients, which also gives them easy access to smaller business clients outside the major urban areas.

Retail deposits have increased once again, and net sales of securities have grown significantly, which demonstrates that our customers continue to have confidence in Savings Banks when it comes to accumulating assets. In addition, 2018 was a year of dynamic lending growth, which reflects the strong economy, but is also due to the close business relationships with corporate clients. In 2018, our Group – including Landesbanken – accounted for approx. 40 percent of all loans to enterprises in Germany, with an emphasis on prudence rather than taking every available opportunity to provide finance.

In 2018, Germany's Savings Banks generated a respectable operating result of EUR 9.3 billion. Non-personnel expenses increased slightly, from EUR 7.3 billion to EUR 7.4 billion. The Savings Banks' net income after taxes decreased slightly to EUR 1.8 billion. With significant tax payments of EUR 2.7 billion, Savings Banks have considerably strengthened government budgets at local level.

In the past ten years, Landesbanken have reduced their risk-weighted assets by significantly more than half. As at December 2018, Landesbanken recorded a slight increase in risk-weighted assets for the first time in years. The tier-1 ratio decreased from 17.5 percent to 15.3 percent. Landesbausparkassen are clearly number one in the home savings and loan market, with a market share of approx. 37 percent of new business.

---

**“Close customer relationships will remain the essence of our business model. In everyday digital life, these relationships will become even more individualised.”**

---

In 2018, every member of the Savings Banks Finance Group – with responsibility for their own corporate decision-making – once again made positive contributions to a strong group of companies. It is not only the individual performance that counts here, but also the collective performance. We have increased our centralised investments in digitalising and standardising processes, thereby strengthening our market presence in digital services.

Our key challenge will be to continue to be the direct and most important partner in all financial matters for people in Germany. In 2019, this will be at the core of all the upcoming changes and of the Savings Banks Finance Group’s major technical investments.

Kind regards,

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