Finanzgruppe
Deutscher Sparkassen- und Giroverband

Financial Report 2015
Our results – Our contribution

Key financial indicators of the Saving Banks Finance Group

Selected balance sheet items

	As at year-end 2015 EUR bn	As at year-end 2014 EUR bn	Change in %
Loans and advances to banks (MFIs[1])	**294.2**	338.1	–13.0
Loans and advances to non-banks (non-MFIs[1])	**1,193.0**	1,186.0	+0.6
Liabilities to banks (MFIs[1])	**408.9**	452.9	–9.7
Liabilities to non-banks (non-MFIs[1])	**1,192.9**	1,166.1	+2.3
Equity	**152.9**	149.3	+2.4
Total assets	**2,157.7**	2,251.9	–4.2
Tier 1 ratio[2] (in %)	**15.1**	14.6	+0.5

Selected income statement item[3]

	2015[4] EUR bn	2014 EUR bn	Change in %
Net interest income	**32,349**	32,639	–0.9
Net commission income	**7,759**	7,123	+8.9
Net result from financial operations	**0,522**	0,121	> +200%
Administrative expenses	**27,731**	27,063	+2.5
Operating profit before revaluation results	**13,221**	12,100	+9.3
Operating profit after revaluation results	**12,196**	10,618	+14.9
Net income before taxes	**6,605**	3,578	+84.6
Income-related taxes	**3,721**	3,386	+9.9
Net income after taxes	**2,884**	0,192	> +200%
of which: net income of Savings Banks after taxes	**1,973**	1,872	+5.4
of which: net income/loss (–) of Landesbanken after taxes	**0,868**	–1,731	–[5]
of which: net income of Landesbausparkassen after taxes	**0,043**	0,050	–14.0

[1] Monetary Financial Institutions
[2] Savings Banks and Landesbanken only (excluding Landesbausparkassen)
[3] In line with the 'original' income statement in accordance with the German Commercial Code, additions to the fund for general banking risks pursuant to section 340g of the HGB are recognised as expenses, thereby reducing net income. Until 2010, DSGV Financial Reports had adhered to the principles applied in Deutsche Bundesbank's income statement statistics, where such additions pursuant to section 340g of the HGB are treated as appropriation of profits (increasing net income).
[4] Preliminary figures from financial statements in accordance with the HGB, some of which are as yet unaudited.
[5] Calculation is immaterial

Published by the German Savings Banks Association (DSGV)

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Ladies and gentlemen,

2015 was a successful year for the Savings Banks in Germany. Even in a low interest rate environment, we again markedly increased customer deposits, and we also generated record results in loans to enterprises and private housing construction loans. We prudently reinvested additional deposits in local and regional lending business, fostering growth in the regions.

When it comes to lending, the Savings Banks Finance Group has traditionally been the most important partner for enterprises in Germany. This strong market position was further enhanced in 2015, with an increase in new loans to enterprises and self-employed persons of 16.9 per cent – quite an impressive figure.

Each and every bank finds itself challenged by low interest rates. In this demanding environment, the Savings Banks increased operating profits over the previous year's level. A slight decrease in net interest income was offset by an increase in net commission income. Very low loan loss provisions not only demonstrated our customers' high credit quality, but also reflected a prudent approach to risk management amongst our institutions.

The Savings Banks posted a marked increase in net assets during 2015. We want to be prepared for the challenges which are sure to arise from the continued low-interest rate environment, and that is why we are building up a stronger position with additional reserves for general banking risks. With over EUR 2.9 billion in income taxes paid, the Savings Banks remained one of the largest tax contributors in Germany.

The Landesbanken continued along the path of stabilisation in 2015, further reducing their risk-weighted assets and increasing their tier 1 ratio to 15.6 per cent. The regional building societies (Landesbausparkassen, "LBS") generated EUR 36 billion in new business in 2015 – the second-best result in the history of the LBS Group. Independently, all institutions of the Savings Banks Finance Group made positive contributions to a strong group in 2015.

For 2016, we expect the interest rate and market environment to grow even tougher. We are prepared. Whilst keeping a close eye on costs, we will continue to invest in our customer business by broadening our approach to acquiring customers and encouraging the integration of online and mobile access into the Savings Banks business model. It is important to note, however, that we remain committed to close personal ties, to society, and to our regional approach.

With kind regards,

Berlin, June 2016

Georg Fahrenschon
President of the German Savings Banks Association

Georg Fahrenschon,
President of the German
Savings Banks Association
(DSGV)

Our results

580

independent institutions

200

years we have been close to our customers

413*

Saving Banks

2.0

EUR billion net income after taxes for the Savings Banks

Our contribution

324,200

employees in Germany

19,280

branches and advisory centres in Germany

50

million customers in Germany

*As at 31 December 2015; as at 1 June 2016: 409 Savings Banks.

The Savings Banks Finance Group

The Saving Banks Finance Group is Germany's largest banking Group. The Group's main strength lies in its locally-enshrined business model and a policy of close cooperation between its roughly 580 member institutions.

The institutions of the Savings Banks Finance Group are independent, and managed on a decentralised basis. As such, they are a reflection of Germany's economic structure and culture. The "Sparkasse" (Savings Bank) brand commonly used amongst Group members stands for the provision of a sustainable range of products and services relating to pensions and economic security. Distribution of tasks and specialisation between Group members serve to enhance their flexibility, efficiency and strength.

The Group comprises:

- Savings Banks;
- Landesbanken and the Deka Group;
- Landesbausparkassen (regional building societies);
- public insurers;
- leasing and factoring companies, equity capital providers and consultancies; as well as
- service providers, e.g. in the areas of IT, securities settlement, payments services and publishing.

The 413* independent Savings Banks form the core of the Group. They safeguard the provision of fundamental financial services and related personal advice to 50 million customers throughout Germany. Thanks to the Savings Banks' public-law status and municipal trusteeship, no city or administrative district in Germany is without a Savings Bank.

The Savings Banks have been associated with a specific home region as their area of business since they were formed more than 200 years ago. This is at the heart of their business – focused on deposits and loans – and it drives the Savings Banks' dedication and ability to play an active part in the economic and social development of their local regions. Economic and social initiatives often work hand in hand. In 2015, loan commitments made to enterprises and self-employed persons increased by 16.9% year-on-year, to EUR 81.2 billion. New business from private housing construction loans rose even more strongly, by 23.3% to EUR 52.2 billion. Both businesses reached new record highs. Customer deposits also rose significantly, to EUR 861.5 billion in total. The Savings Banks business model – turning deposits into loans – stands the test of difficult times. All of the newly acquired deposits were reinvested in the regions as private housing construction loans or loans to enterprises.

On aggregate, the institutions of the Savings Banks Finance Group are one of Germany's largest commercial employers and taxpayers. They are the largest training providers in the financial industry and the largest non-governmental sponsor of sport and culture in the country. All of these services benefit the local inhabitants. This is our contribution towards balanced economic and social development on a regional level.

*As at 31 December 2015; as at 1 June 2016: 409 Savings Banks.

Founding mission

Strengthening personal responsibility, making planning easier

For more than 200 years, the Savings Banks and the Savings Banks Finance Group have supported economic and social change in Germany, with up-to-date financial products and advisory services for all customer groups. Their business model has survived dramatic breaking points over the years: the period of urban and rural industrialisation, new starts in 1918 and 1945, and German reunification.

However, the essence of the idea behind the Savings Banks Finance Group remains unchanged, and its "public mandate" has been legally enshrined in Savings Banks law for many decades. This includes:

- Promoting savings and pension provisioning, as well as access to financial services for all customer groups. Today, this remains an important pillar of our business model.
- Another important pillar is the focus on local and regional development and the respective key players – in particular, enterprises and municipalities.
- The third pillar is the Savings Banks' mission to stimulate competition in the German banking market through its broad positioning as a retail bank and significant presence in all of Germany's regions, be they economically weak or strong.

The "public mandate" assigns key lending as well as social duties to the Savings Banks. Moreover, it stipulates that the success of a Savings Bank is measured by its impact on local initiatives – which goes far beyond the basic economic requirements usually associated with the banking industry.

The Savings Banks and institutions of the Savings Banks Finance Group fulfil their economic and social responsibilities in many ways.

For example, they have been developing educational material and promoting financial education among children, young people and private households, for decades. Moreover, the Savings Banks provide extensive internal training and continuous professional development: the Group employs around 21,200 trainees and vocational trainees. In addition, the Savings Banks and Landesbanken have been amongst the most reliable finance providers to German medium-sized enterprises, even in the challenging macroeconomic environment of recent years.

Please refer to our "Report to Society" for examples of how the Savings Banks promote sustainable growth in prosperity and quality of life:

↘ **dsgv.de/en/report_society**

Business model

Building close relationships and responsibility

The Savings Banks' business model has been a reflection of Germany's economic structure and culture for over 200 years. It has proven stable due to its sensitive reactions to changes from outside. Therefore, the Savings Banks offer security for individuals and enterprises in their specific home regions – and in Germany as a whole. This is achieved by safeguarding secure access to high-quality financial services for private customers, enterprises and the public-sector.

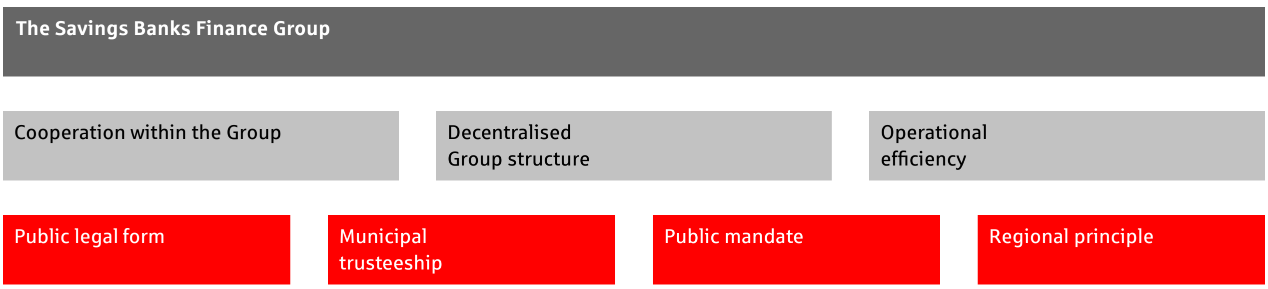
The majority of Savings Banks are municipal institutions under public law, operating under municipal trusteeship. Each institution focuses its presence and business activities on a specific local region ("Regional Principle"). They are independent, managed on a decentralised basis, and aim for organic growth. The five "free" institutions that do not operate under municipal trusteeship have also undertaken to abide by these principles.

In order to achieve all of this, the Savings Banks need to operate on a sustainable basis and have to pursue long-term economic balance. The returns generated by the Savings Banks ultimately go towards enhancing their own capital base and development initiatives within their local regions.

The indispensable complement to this local orientation is the cooperation within the network of the Savings Banks Finance Group. This allows specialised collaboration for the institutions, which strengthens the performance of all parties involved. The network therefore contributes significantly to the responsible and risk-conscious business policy of the Savings Banks Finance Group.

The Savings Banks' business model reflects their founding mission: having a local presence and acting in a customer-oriented and responsible manner. This also holds true in a world characterised by mobility and ever-increasing digitalisation – banks nowadays not only do business in the branch, but also by phone, online, or using apps.

This led to an update of the Savings Banks' business strategy in 2015: it provides greater scope for personal advisory services and digital offerings on the one hand, and greater economic freedom through streamlined processes on the other. The Savings Banks are investing on both sides – for more security and proximity in the future.



Our partners

Experienced specialists – all in the family

Landesbausparkassen – number one for home loan savings

The nine regional building societies (Landesbausparkassen – "LBS") are market leaders in their business in Germany, commanding an aggregate market share of 37.2% in the number of new home loan savings contracts, and 35.7% in terms of the number of contracts outstanding. They have a total of approximately 700 advisory centres; a combined staff of 7,900 includes their mobile sales force as well as internal personnel. At EUR 65.3 billion, the cumulative total assets of the LBS Group reached a new record at the end of 2015.

Savings Banks Leasing – growing stronger than the market

The steady upward seen in the overall German leasing market during previous years continued throughout 2015: according to the Federal Association of German Leasing Companies (Bundesverband Deutscher Leasingunternehmen – "BDL"), overall market volume rose to EUR 52.2 million, up from EUR 50.7 million in the previous year. Thanks to this 3 per cent year-on-year increase, the leasing market showed steady development, despite reluctant investment activities by many SMEs, a high degree of self-financing by enterprises and the persistent low interest rate environment. Looking at developments by segment, vehicle and machinery leasing grew by 6 and 4 per cent, respectively, whilst IT leasing declined by 2 per cent and real estate leasing by almost 30 per cent.

Savings Banks' leasing business grew almost twice as much as the overall market: with a growth rate of 8.5 per cent, it clearly outperformed the leasing market as a whole. Savings Banks increased their leasing business jointly transacted with Deutsche Leasing to EUR 3.54 billion in 2015, recording significant gains particularly in the Deutsche Leasing-Direkt ("DL-Direkt") business line, which covers high-volume business for investments in vehicles, machinery and IT with purchasing amounts of up to EUR 150,000. DL-Direkt leasing business totalled EUR 183 million (up 39 per cent year-on-year).

Deutsche Leasing provides Savings Banks with its integrated quoting system (Integriertes Angebotssystem – "IAS"), featuring fast and lean processes based on standardised scoring methods, for use in high-volume business. Thanks to this, Savings Banks advisors are able to approve their customers' investments directly, based on just a few documents. Furthermore, through their cooperation with Deutsche Leasing, Savings Banks can offer asset know-how and a comprehensive range of services, over and above leasing and financing solutions. For instance, in IT hardware and software solutions, fleet leasing and management, as well as in international investments and sales financing options. Deutsche Leasing supports Savings Bank customers in 22 countries worldwide – from the USA, Canada and Brazil through the whole of Europe and as far as China. These supplementary asset services – and their positive development – reflect the strong interest of SME customers in such services, which enable them to fully focus on their core business.

Deka Group

DekaBank is the securities firm within the German Savings Banks Finance Group. Deka Group comprises DekaBank and its subsidiaries. With total assets of some EUR 240 billion and around four million securities deposit accounts, the Group ranks amongst Germany's largest securities services providers. It offers private and institutional investors a wide range of investment products and services. Deeply rooted in the Savings Banks Finance Group, DekaBank has designed its services offer to meet the requirements of its owners and distribution partners in the securities business.

Public insurers – strong in their regions

Gross premiums written by the eleven public primary insurance groups rose by 3.3% during 2015, to EUR 21.3 billion, underscoring their position as the second-largest insurance group in Germany. Regional Savings Banks Associations are the key underwriters or owners of nearly all the public-sector insurers.

Other financial services providers

The range of financial services providers in the Savings Banks Finance Group is complemented by numerous Group entities and organisations, seven Landesbanken investment management companies, four factoring companies, eight real estate companies owned by Landesbausparkassen, 68 investment companies plus eight consultancy firms for enterprises and municipalities.

Together with all of its institutions and partner entities, the Savings Banks Finance Group comprehensively covers the financial needs of private individuals and businesses in Germany.

The institutions stated above produce their own annual reports, separately from this report. We also report on the business development of the Landesbausparkassen on page 48 and in the report on expected developments on page 69.

Market position

Savings Banks Finance Group

Companies[1]	580
Branches[2]	19,320[5]
	19,280[7]
Employees[3]	332,100[5,6]
	324,200[6,7]
Business volume[4]	EUR 2,800 bn[5]
	EUR 2,680 bn[7]

Saving Banks 413*

Total assets	EUR 1.145,3 bn
Branches	14,451
Employees	233,742

Landesbank Groups 7

LBBW, BayernLB, LBB, HSH Nordbank, Helaba, NORD/LB (mit Bremer Landesbank), SaarLB

Total assets	EUR 965 bn
Employees	36,214

Deka-Bank Deutsche Girozentrale

Total assets	EUR 108 bn
Employees	4,277

Landesbausparkassen (LBS) (regional building societies) 9

Total assets	EUR 65 bn
Employees	7,857

Deutsche Leasing Group

Number of contracts	247,387
Acquisition values	EUR 27,4 bn
Employees	2,313

Public primary insurance groups 11

Gross premium income	EUR 21.3 bn
Employees	27,900

Equity investment companies 68

Investments	1,519
Total volume	EUR 1.2 bn
Employees	225

Equity investment companies of the Landesbanken 7

Employees	250

Factoring companies 4

Annual turnover	EUR 25.6 bn
Employees	317

LBS real estate companies 8

Property volume	EUR 6.4 bn
Employees	635

Additional leasing companies[8] 3

Acquisition values	EUR 18.5 bn
Employees[9]	178

DSV-Gruppe (Deutscher Sparkassenverlag)

Revenues	EUR 0.8 bn
Employees	2,174

Finanz Informatik

Employees	3,896
SIZ GmbH Employees	190

Company/ municipal advisory companies 8

Employees	70

[1] Including associations and other institutions; numbers are rounded.
[2] Branches/information centres.
[3] Office service/field service employees.
[4] Business volume defined as = total assets/aggregate holdings/ fund assets/volume of shareholdings; figures rounded.
[5] Including foreign branches plus domestic and international subsidiaries of the Landesbanken.
[6] Including 3,337 employees of associations, related institutions and other institutions.
[7] Excluding foreign branches and excluding domestic and international subsidiaries of the Landesbanken.
[8] Of which three companies summarised in one Group.
[9] Excluding the employees that are included in the Landesbanken Group figures.

* As at 31 December 2015; as at 1 June 2016: 409 Savings Banks.

The Savings Banks Finance Group's Institution Protection Scheme

The continued existence of the Savings Bank Finance Group institutions is safeguarded by a special system – the Saving Banks Finance Group's Institution Protection Scheme. Established 40 years ago, it provides customers of the Savings Banks Finance Group with the utmost security.

The Savings Banks Finance Group's Institution Protection Scheme protects deposits with a Savings Bank, a Landesbank, or a Landesbausparkasse. The objective of the Scheme is to prevent member institutions from getting into financial difficulties – through a voluntary scheme of institution protection. This ensures that business relationships with customers continue without limitations and on a permanent basis.

Established fourty years ago, the Institution Protection Scheme provides customers of the Savings Banks Finance Group with the utmost security. Since the Scheme's inception in the 1970s:

- no customers of a member institution have ever lost their deposits;
- no compensation has ever had to be paid to depositors,
- and no member institution has failed to honour its financial obligations. Nor has there been a single insolvency.

Moreover, the Institution Protection Scheme fulfils all the requirements for a statutory deposit guarantee scheme: pursuant to the German Deposit Guarantee Act (Einlagensicherungsgesetz, "EinSiG"), under a statutory deposit guarantee scheme, customers have a claim on the reimbursement of their deposits up to EUR 100,000.

Specifically, the Savings Banks Finance Group's Institution Protection Scheme comprises 13 individual protection schemes, consisting of

- eleven regional savings bank guarantee funds,
- the guarantee fund of the Landesbanken and Girozentralen (Central Savings Banks); as well as
- the guarantee fund of the Landesbausparkassen.

These protection schemes are combined into a joint liability scheme recognised under section 43 of the EinSiG.

Further information on the Savings Banks Finance Group's Institution Protection Scheme is available in the Risk Report on pages 64–67.

Competitive capital market ratings

External rating agencies confirmed the good credit quality of the Savings Banks Finance Group.

Moody's Investors Service, Fitch Ratings and DBRS. For both long-term and short-term liabilities, all three agencies once again awarded comparable ratings in 2015.

However, DBRS downgraded its rating by one notch, from A (high) to A, in October 2015. The reason for the downgrade was the resolution passed by the European Parliament to introduce the Bank Recovery and Resolution Directive (BRRD) as well as the Single Resolution Mechanism (SRM). Previously, the Savings Banks Finance Group had received a rating uplift of one notch due to its "systemic support". The uplift for systemic support has however been removed in the new set of regulations, and thus no longer applies.

The introduction of new regulations required a rating review for all European banks. Hence, the downgraded "A" rating is a simple adjustment of the Group's rating to the regulatory environment. With the introduction of these adjustments, DBRS was the last of the three rating agencies to implement the amended regulatory provisions. Moody's and Fitch had already reviewed their corresponding "systemic support components" before, and both removed the notch uplift. However, given their different assessment methodologies, the overall ratings of Moody's and Fitch remained unchanged.

Moody's issues a corporate family rating, relating to the creditworthiness of the Group as a whole. Fitch Ratings assigns a group rating to reflect the creditworthiness of the Savings Banks Finance Group. The rating agency DBRS awards a Group-wide floor rating. The floor rating reflects the minimum credit quality of the members of the guarantee schemes.

Fitch and DBRS ratings may also be awarded on an individual basis to Group members. The majority of the Savings Banks used this option in 2015, meaning that such ratings may be considered as individual ratings for institutions within the Savings Banks Finance Group.

The positive ratings from all rating agencies included in particular:

- the solid business model and good credit quality, particularly of the Savings Banks;
- the co-operation and solidarity within the Savings Banks Finance Group;
- the efficient business performance;
- the Savings Banks' quality of risk management, together with diversification of their risk positions;
- the Group's Institution Protection Scheme.

The ratings attest to the performance of its members, as well as the high credit quality of the Savings Banks Finance Group on an international level, recognising their decentralised, locally-enshrined business model.

This assessment continues for 2016, with ratings confirmations from Fitch and DBRS, including a "stable" outlook. Moody's confirmed the corporate family rating of Aa2, applying the new rating methodology introduced in 2015.

Rating of the Saving Banks Finance Group

	2016	2015	2014
Moody's corporate family rating			
long-term	Aa2	**Aa2**	Aa2
Outlook	stable	stable	stable
Fitch floor rating			
long-term	A+	**A+**	A+
short-term	F1+	**F1+**	F1+
Outlook	stable	**stable**	stable
DBRS floor rating			
long-term	A	**A (high)**	A (high)
short-term	R-1 (low)	**R-1 (middle)**	R-1 (middle)
Outlook	stable	**stable**	stable

"We consider the Savings Bank to be a partner in ideas for businesses"

Digitalisation isn't just changing many processes in the manufacturing industry. Karin-Brigitte Göbel, member of the Management Board of Savings Bank Düsseldorf, and Prof Dr Friederike Welter, President of the Institut für Mittelstandforschung, Bonn, discuss how companies are responding to these changes.

Digitalisation presents German SMEs with new challenges. What kind of challenges are we talking about?
Prof Friederike Welter: According to the newest representative surveys, digitalisation has now spread into small and medium-sized enterprises (SMEs). In other words: concerning the implementation of important digital technologies, Germany is top of the pile in Europe – in nearly all economic sectors. On the one hand, that applies to software used for coordinating inter-divisional workflows – so-called enterprise resource planning software. On the other hand, it also applies to cross-company automated data interchange with suppliers and/or customers.

Is the German market special in some way?
Prof Welter: Many companies are cautious when using higher cloud services, which are said to play an important role in the further networking or evaluation of real-time data, the big data analyses. Currently, SMEs tend to use these services rarely, as they feel insecure as to the security of data. A reason for this could be the missing IT security policy for the safety of data.

How do clients respond to the topic of digitalisation?
Karin-Brigitte Göbel: For Savings Banks' clients, digitalisation is important within their future strategic orientation. Prior to Düsseldorf Savings Banks' SME Day in 2014, we conducted an extensive survey on the topic of digitalisation. We wanted to know how our clients – especially the medium-sized corporate customers – were handling the issue.

With which results?
Göbel: As Prof Welter has explained, many clients use digital technologies to optimise internal workflows. Regarding their sales management, most companies still need to make considerable progress though – despite the high potential for companies in all sectors. An enterprise which deploys extensive digital technologies for its sales management today, increases its own chances, revenues and income for tomorrow. However, we also note that most companies need a lot of further information. They want to know how to make the most of the digital technologies, and how to profitably implement them for their company to progress.

Karin-Brigitte Göbel:

Karin-Brigitte Göbel was appointed to the Management Board of Taunus Sparkasse and was responsible for the Corporate Clients, Real Estate and Treasury Departments.She moved to the Management Board of Sparkasse Düsseldorf in 2009, where she is now responsible for the Corporate Clients, Real Estate, Private Banking, and Treasury departments. Ms Göbel is a member of the Supervisory Board of the Dusseldorf Stock Exchange, and member of the Advisory Board of Deutsche Bundesbank, Regional Office North-Rhine Westphalia.

“We don’t see ourselves purely as a financier, but also as a ‘business consultant’ who shows ways and means for the creation of forward-looking corporate activities.”

“When it comes to the implementation of important digital technologies, Germany is top of the pile in Europe.”

Prof Dr Friederike Welter:

Prof Dr Friederike Welter is an internationally active German economist, university professor and President of the Institut für Mittelstandsforschung Bonn. She has published fundamental findings on SME and entrepreneurship research.

Often we hear that German companies don't invest enough. Is that true?

Göbel: We haven't noticed an investment backlog for any of our companies. The crafts trade, the entire service sector, but also the manufacturing industry: all of them seem to be investing adequately, and are actively requesting different types of financing funds. This behaviour shows that most companies have an optimistic outlook. By the way, within a well-balanced financing mix, loans still form the anchor product. In addition, alternative financing types such as leasing and factoring are growing more popular.

What should companies know about the new information and communications technology?

Prof. Welter: In Germany, new information and communications technology (ICT) is often implemented to enhance efficiency in company workflows. That is one of the reasons why German SMEs are so competitive and innovative on an international level. According to the survey 'Engine of Success', three out of four companies have launched new products in the past two years. However, the use of new technologies will become increasingly important as they guarantee the further development of a company's business model.

How is that?

Prof. Welter: For example, companies are going to ask themselves how they can make their product range 'smarter', or rather how to incorporate it in the internet. What kind of new services – developed to meet the clients' exact needs – can companies introduce? Finding an answer to that question is, firstly, the management's task. It is, however, also indispensable to actively involve the employees in this process and make them feel comfortable with change. To enhance the potential of the new technologies, companies must create an innovation-friendly work climate and offer regular professional development courses that allow employees to improve their ICT capabilities. Digitalisation enables more interdisciplinary specialisation on the employees' side, increasingly flexible organisational structures and working hours – and at the same time, presupposes all these things

What can the Savings Banks do for their SME customers?

Göbel: Our aim is to recognise future trends and to find adequate answers to them. Based on our digitalisation survey, we hosted numerous events to create awareness of digitalisation – among companies of all sizes and from all sectors. With this, we hope to set something in motion: we see ourselves as partners in ideas. However, the companies have to find their own solutions.

The Savings Bank plays the role of a constructive companion who provides the necessary financing funds in order to position a company's business model successfully in the competitive market. We don't see ourselves purely as a financier, but also as a 'business consultant' who shows ways and means for the creation of forward-looking corporate activities.

What does this mean exactly?

Göbel: In and around Dusseldorf there is no credit institution more active than Sparkasse Düsseldorf in promoting company start-ups. We get a few hundred enquiries every year – and we promote more than 150 companies financially so that their start-up plans become reality.

In addition, we maintain an intensive network not only in Dusseldorf but also in the entire Federal state of North Rhine-Westphalia. By doing this, we explore new promotional tools and accompany new business start-ups. For many years, we have had positive results. The start-ups we support create and secure a few hundred jobs each year, forming fertile ground on which the economy can renew itself permanently. We consider this one of the most important objectives of our Savings Bank, and are happy about the good results the newly-established companies produce year after year. Our advisors are in close contact with the respective development and promotional banks such as NRW.BANK or KfW, and accompany the start-up process of a company very intensively so that – at the end of the day – there is a success story to tell.

Muncipal debt analysis

In 2015, the Savings Banks Finance Group held its position as the most important provider of finance for municipalities. As a Group, they make a considerable contribution to economic development at municipal level, enabling local authorities to cope with future challenges.

Savings Banks and municipalities have been solid partners for many decades. As the supporting organisations for most German Savings Banks, municipalities are an important driving force for the development of Savings Banks' services, one of their largest client groups. Moreover, municipalities and Savings Banks are facing similar challenges. In many cases, cities and municipalities do not profit from strong macro-economic development, as demonstrated by their deteriorating financial capabilities. As a result, short-term public sector loans have reached new record levels throughout Germany. The municipal umbrella organisations are concerned that decreasing such loans significantly in the years ahead will not be achieved.

For instance, the indebtedness of the municipalities in North Rhine-Westphalia accrued to EUR 62 billion at year-end 2014, out of which the city of Leverkusen alone accounts for EUR 535 million. Although the indebtedness per capita of Leverkusen (EUR 3,323.00) is lower than the average in North Rhine-Westphalia (EUR 3,524.00), the city's council and administration resolved in 2009 to take any measures required to prevent over-indebtedness. Since 2011, Leverkusen has voluntarily participated in a government programme designed to strengthen municipal funding, and thus receives state funding aid. With these aid payments, Leverkusen is aiming for a balanced budget for 2018, whilst hoping for a balanced budget without any external funding aids for 2021.

Reviewing the debt status

The city of Leverkusen initiated its debt relief programme in close cooperation with the Savings Banks Finance Group. Leverkusen accepted the offer to participate in the Municipal Debt Diagnosis programme and achieved good ratings. "The programme confirmed our efforts", says Frank Stein, Leverkusen's city treasurer, who has been working with active interest rate management for many years. His efforts have paid off well for the city, saving some EUR 9 million in interest payments in recent years. "We obviously profit from the current market situation", Mr Stein adds, "but the savings made are a strong signal. Chances are good that we will manage to get our finances back on track." With the local Savings Bank, the city has a strong partner at its side. Over the last decades, Sparkasse Leverkusen was the city's first point of contact in terms of funding. Markus Grawe, member of the Management Board, explains: "We support the city in many ways – from payment services, advisory services for investment loans

More than

1,000

municipalities and 150 municipal companies examined about the debt situation.

“Leverkusen accepted the offer to participate in the Municipal Debt Diagnosis programme and achieved good ratings.”

“20 municipalities participated in tailoring the software to the specific requirements of local authorities.”

Markus Grawe:

In 2010 Markus Grawe moved from the Management Board of Sparkasse Werne to the Management Board of Sparkasse Leverkusen, where his areas of responsibility have included Private Banking, as well as the Savings Bank’s sales to private and corporate customers.

or short-term public sector loans, to issues such as the refugee crisis."

In Leverkusen, the city council works closely with the Savings Bank to achieve a sustainable restructuring of municipal funding. Another good reason for the city's close cooperation with the Savings Bank is that, as Mr Stein emphasises, "things cannot be taken for granted given the very difficult fiscal circumstances. Bringing in the knowhow of Helaba's specialised consultants, we perform an extensive 'municipal debt analysis' every year", Mr Stein says, adding that this analysis is prepared carefully, and the results are analysed and discussed intensively. "Specific plans for action can be derived from the ratings, such as using the current environment to realise savings potential or to restructure the existing debt burden", Mr Stein explains.

Challenge: municipal financing

The tight financial position of municipalities is challenging for treasurers outside North Rhine-Westphalia as well. Many cities and municipalities face continuously increasing obligations, while funding remains stable at best. The KfW Municipal Panel 2015 disclosed an investment backlog in Germany of roughly EUR 132 billion. At the same time, the financial experts were concerned by the growing disparity between municipalities: about one third of German municipalities regard themselves to be in a downward spiral concerning their financial position, while 15 percent took a positive stance on their current and future financing conditions. One critical aspect was that the low interest rate environment only fuels investments to a limited extent.

The Savings Banks fully agree with this assessment. We examined the debt situation of more than 1,000 municipalities and 150 municipal companies throughout the last three years as part of our "municipal debt analysis" and found out that, especially in West German municipalities, the financing structure of many investments was not in line with the payment obligations, i. e. the repayment portions of the loans do not correspond to the infrastructure's actual decline in value. This causes a serious threat to many municipalities: on the one hand, they are faced with investment backlogs and the need for infrastructure restoration, which requires new debt. On the other hand, they must repay old debt, which is no longer backed by adequate asset values, this places a burden on the refinancing options for future investments.

Financial experts identified a "structural underfunding" of many German municipalities, given their increasing burden of obligatory expenses largely determined by external factors. At the same time, municipal budgets vary considerably from region to region, depending on the applicable social spending. Therefore, an increasing number of municipalities finance their administrative duties through short-term public sector loans. Georg Fahrenschon, DSGV President, explains that "municipal funding is likely to become more difficult with the implementation of the Basel III regulations." For instance, the introduction of a risk-independent leverage ratio would only have a limited impact on long-term municipal loans, since only volumes (not the risk exposure) are taken into consideration.

Partner of municipalities

Intelligent financial management becomes ever more relevant to German municipalities, as the prolongation of their loans cannot be taken for granted and they could be forced to tap new funding sources. No one knows this better than the Savings Banks and Landesbanken, who provide active support to struggling municipalities. Hence, with a share of 48 percent of the total loan volume extended to cities, local authorities and rural districts in 2015, the Savings Banks Finance Group remains the largest funding source for German municipalities.

In order to cater to the needs of our municipal clients, we systematically developed and implemented a strategic realignment of our support approach. The Savings Bank Finance Group provides a diversified and excellent "toolbox", enabling tailor-made solutions for (almost) any sort of challenge at municipal level – developed hand in hand with local authorities. This includes, inter alia, DSGV's "Savings Bank Finance Concept for Municipal and Institutional Customers", various guidelines and studies covering particularly relevant fields of action, as well as the "Municipal Debt Diagnosis" and the "S Compass" software solution. 20 municipalities participated in tailoring the software to the specific requirements of local authorities.

25 years of German Unity:

The Savings Banks Finance Group promotes "Sounds and Lights of Unity"
On the occasion of the 25th Anniversary of German reunification, the Office of the Permanent Representative of the Federal Republic of Germany invited everyone to a Citizens Fair and spectacular light show in Brussels. The Savings Bank Finance Group supported the event, which took place in the Parc du Cinquantenaire.

Highlights 2015

40 years of Saving Banks – SchulService
For 40 years, the Savings Banks Finance Group has been committed to school education; with its Sparkassen-SchulService (Savings Banks School Service) it offers practice-oriented classroom materials and competitions, together with events covering economic and financial topics. The approximately 80 different items developed by the Deutscher Sparkassenverlag (the Savings Banks' publishing house) are adapted to the respective curricula and education standards.
As an official project of the UN Decade of Education for Sustainable Development (2005–2014), the entire Sparkassen-SchulService was recognised by the UNESCO commission.

Savings Banks applications: Stiftung Warentest test winners
Digitalisation is proceeding, and the Savings Banks impress on an online and mobile level. The Savings Banks applications were the test winners of the German consumer watchdog Stiftung Warentest (consumer finance magazine Finanztest 06/15).

German Deposit Guarantee Act: The Savings Banks Finance Group will continue with its proven institutional protection scheme
German Deposit Guarantee Act: The Savings Banks Finance Group will continue with its proven institutional protection scheme The German Deposit Guarantee Act (EinSiG) entered into force on 3 July 2015 and transposed the European Deposit Guarantee Scheme Directive into German law. With its existing preventive institutional protection scheme, the Savings Banks Finance Group complies with the corresponding requirements, and is thus a part of the new European deposit protection framework.

DSGV supported the 8th Business Conference of the International Martin Luther Foundation
On 16 November 2015, the International Martin Luther Foundation (IMLS) held its 8th Business Conference, in collaboration with the German Savings Banks Association. The theme was the role of money in economy and society. After the conference, the award ceremony for the Luther-Rose, the IMLS's award for social responsibility and Entrepreneurial Courage, took place.

Central coverage of regulatory issues by S-Rating
The Savings Banks Finance Group has decided to bundle all its regulatory work in the joint subsidiary S-Rating, and thus to develop an integrated database concept for its bank management. The goal is to develop a standardised reporting system in connection with the Minimum Requirements for Risk Management (MaRisk), and to compile joint reporting standards. In addition, one source – namely, a joint committee of the German Savings Banks Association (DSGV) and S-Rating – controls all bank management-related topics.

Savings Banks in other countries: Peru
On the occasion of the Annual Meeting of the International Monetary Fund (IMF) and the World Bank Group on 10 October 2015 in Lima, Mr Fahrenschon, President of the DSGV, and Mr Haasis, Chairman of the Board of the Savings Banks Foundation for International Cooperation, informed the participants about the development of the Peruvian Savings Banks, the Cajas Municipales de Ahorro. About 30 years ago, the DSGV and the Savings Banks Foundation for International Co-operation developed the concept for the founding of Peru's Cajas Municipales, and coordinated their contentual implementation. The DSGV also supported the development of the Peruvian Savings Bank Association, FEPCMAC. The 11 "Cajas" offer financing, and thus economic opportunity to smaller companies especially, which previously had been largely ignored by the bigger banks.

Our results

6.6

EUR billion
of net income before taxes

15.1

% tier 1 ratio

1,193

EUR billion
customer deposits

Our contribution

551

EUR billion
loans to corporates

470

EUR million
social commitment

748

charitable foundations

Management Report

The combined business volume of the member institutions of the Savings Banks Finance Group amounted to EUR 2,024 billion as at the 2015 year-end. The Group's market share in deposit-taking from private customers thus remains way ahead of other banking groups. The aggregate volume of business loans extended by Savings Banks and the Landesbanken continued to grow, reaching EUR 551 billion to domestic enterprises alone. With net income after taxes of EUR 2 billion, the Savings Banks repeated their solid performance achieved in previous years.

Economic report

Macroeconomic situation

The global economy was characterised by economic turbulence during 2015. In particular the emerging economies were no longer the driving force of economic growth. Some of these nations actually endured serious political and economic turmoil, such as Brazil and Russia. Voices airing doubt about the robustness of the established growth model have risen, even in China.

However, the situation in the euro area has further stabilised, although some issues are yet to be resolved. The euro area as a whole achieved a consolidated growth rate of 1.7%, and was thus on par with the German economy, which reached 1.7% in 2015. The driving momentum in Germany increasingly shifted from foreign trade to the domestic economy during the course of the year. With (real) 1.9%, private consumption growth achieved a level last seen in the year 2000. The savings ratio remained at the level of the previous year (9.7%), supported by a solid performance of private income. Government spending increased even more than private consumption: it grew by 2.8%, driven by additional expenses made towards the end of the year for the accommodation of refugees arriving in Germany. Nevertheless, a fiscal surplus was disclosed in the overall government budget (0.5% of GDP), thanks to strong tax revenues.

Investment activity also intensified during 2015: Equipment investments increased by 3.6% (real average figure for the year), while construction investments disappointed at only 0.2%. However, this total figure can be broken down into a strong performance from the private housing construction segment, and a weak performance from the public and corporate construction segments. Overall, the domestic economy accounts for 1.6 percentage points of the total growth rate.

Exports achieved a real growth rate of 5.4% in the year under review, but imports grew by 5.7%. Mathematically, the high import rate has a negative impact on the Gross Domestic Product (GDP). Foreign trade contributed only marginally to Germany's total growth rate based on the increased export volumes.

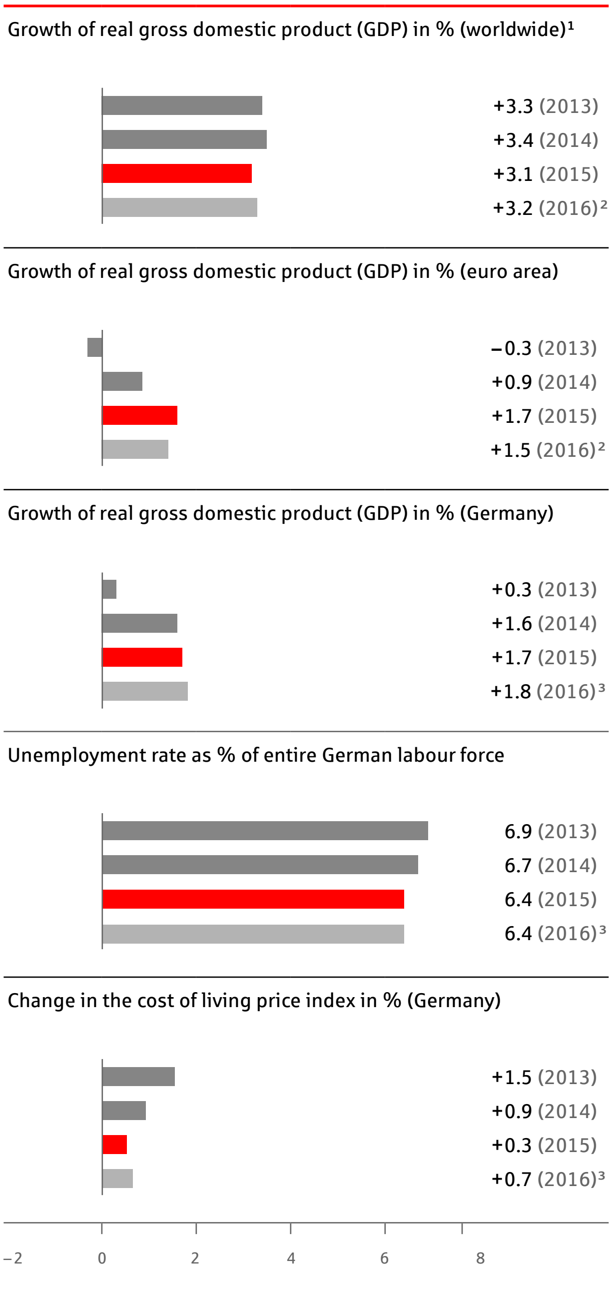
However, on a nominal basis, the current account surplus achieved a new record level of EUR 257 billion, or 8.5% of GDP. The main reason for this development was the currency-related drop in prices for imported goods and services – many import prices, particularly commodities, decreased considerably. The crude oil price is a good example for the development: from the record level of 115 US dollars per barrel in the middle of 2014, it had plummeted to only 30 US dollars by year-end 2015.

This impacted on consumer prices as well, which increased by a marginal 0.3% on average in 2015. Based on the Harmonised Index of Consumer Prices (HICP) for the euro area, the increase was even lower, at 0.1%. The annual increase for European consumer prices was Nil (zero).

Purchasing power in Germany profited from cheaper prices, which led – together with the solid labour market situation – to the strong consumption mentioned before, and was thus a solid pillar for the economic performance. In Germany, the number of people employed increased to more than 43 million for the first time, while the unemployment rate decreased to 6.4%, down 0.3 percentage points.

Overall, the German economy provided fertile ground for the activities of the Savings Banks Finance Group’s member institutions. The German economy featured a series of growth opportunities, whilst loan defaults remained at a moderate level. Nevertheless, the development of interest rates provided a setback to the overall positive background.

Economic development – review and outlook 2013 – 2016



[1] Global economic growth according to the International Monetary
[2] Forecast for global industrial production and the euro area, taken from the International Monetary Fund’s World Economic Outlook of 13 April 2016.
[3] 2016 forecasts for Germany taken from the Joint Forecast of Savings Banks Finance Group Chief Economists dated 2 February 2016.

Developments on the money and capital markets

Against the background of the weak price performance observed in 2015, the European Central Bank (ECB) decided to further extend its (already) expansive monetary policy. In March 2015, the ECB launched its securities-purchasing programme, the fundamentals of which had already been outlined at year-end 2014. Since the launch of this programme, which is part of so-called "Quantitative Easing" (QE) measures, the ECB has been buying covered bonds, asset-backed securities, and – particularly – government bonds, in larger quantities. The volume for 2015 was set to EUR 60 billion per month – and has been fully realised. However, the programme is highly disputed since it further broadens the boundaries of government financing. Central banks have become the largest group of government creditors.

Simultaneously, the development of money markets was characterised by a negative interest rate on ECB's deposit facility, introduced in 2014. The introduction of QE measures and several long-term tenders led to excess liquidity on the interbank money market, which had to be 'parked' on ECB's deposit facility – at penalty interest rates. One-month Euribor developed towards the deposit facility's interest rate target during the course of 2015, which stood at –0.2% over longer periods of the year. Twelve-month Euribor initially remained positive in 2015. However, the ECB resolved in December to further reduce the negative interest rate on its deposit facility, to –0.3%.

Meanwhile, the entire capital market has adapted to the low interest rate environment. In spring 2015, the market saw a first low point, followed by a tempered counter-movement during the summer. New record lows were reached only at the beginning of 2016, hence after the period under review in this report. The current yield of German Government Bonds (Bundesanleihen) with remaining terms of up to four years (and temporarily for those of up to six years) were negative in 2015. The yield for ten-year maturities stood at 0.22% in March, and – temporarily – climbed to 0.7% in December.

Share prices were subject to significant fluctuations throughout 2015. The DAX index increased from 9,869 points at the beginning of the year to 10,743 points at year-end, which apparently was a strong performance. However, the entire performance achieved in 2015 was lost within the first weeks of 2016. The DAX reached its peak for 2015 in April, at 12,390 points, with a clear downward trend thereafter. While the stimulating effects of the low interest rate environment dominated sentiment throughout the first half of the year, concerns about the global economy, particularly regarding China and emerging markets, were omnipresent.

On the foreign exchange markets, the euro's external value remained robust overall, after the marked drop seen in the second half of 2014. Against the US dollar, it remained at roughly EUR/USD 1.10 throughout 2015. The increase of key interest rates in the US, which had been anticipated for a long time, eventually became reality in December 2015. This event had been factored into the exchange rate well in advance.

Major markets and positioning

The combined business volume of the member institutions of the Savings Banks Finance Group[1] amounted to EUR 2,023.6 billion as at the 2015 year-end. With a total German market volume[2] of EUR 6,820.5 billion, this equates to a market share of 29.7%.

Consequently, the share of the Savings Banks Finance Group of on-balance-sheet business in the German banking sector declined slightly, by 0.9 percentage points, compared with the previous year. Within this, however, Savings Banks business volume increased further, by EUR 18.0 billion or 1.6%, to EUR 1,144.7 billion, whereas the Landesbanken saw another marked decline in their business volume of EUR 91.6 billion or 9.5%, to EUR 878.9 billion. Since the end of 2008, the Landesbanken have thus scaled back their business volume by 43%.

This clearly reflects the strategic re-dimensioning of Landesbank Groups through a drastic reduction of credit surrogate business and the discontinuation of business activities which no longer belong to their core business segments. During the 2015 financial year, the Landesbanken continued to primarily cut back interbank lending and own-account securities investments, as well as securitised liabilities.

At 35.4%, commercial banks hold the largest share by business volume – with large private-sector banks accounting for 18.0%, and regional/other commercial banks/foreign bank branch networks for 17.4%. The cooperative sector accounts for 15.6% of total market volume and “other banks” for 19.3% (including special-purpose banks with 14.2% and mortgage banks with 5.1%).

[1] Excluding derivatives in the trading portfolio, and excluding own bond issues repurchased

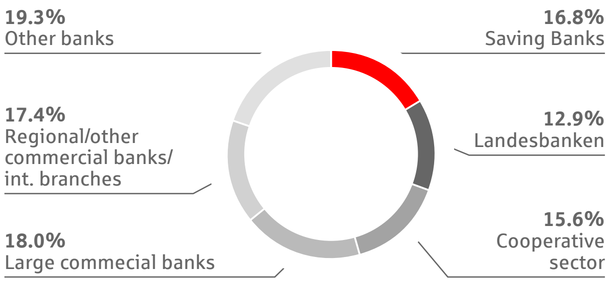
[2] In this chapter, references to the “Savings Banks Finance Group” relate to Savings Banks and Landesbanken (excluding foreign branches and domestic and foreign group entities). Landesbausparkassen are not included.

During the 2015 financial year, the German banking sector’s customer business was shaped by increases in corporate lending, private housing construction loans, consumer credits, and corporate as well as private deposits.

In its customer lending business, the Savings Banks Finance Group marginally lost market share in corporate lending, and marginally gained market share in private housing construction loans during the year under review. However, the reduction in market share was once again more pronounced in consumer credit business. In the deposit-taking business with private customers, the Savings Banks Finance Group again experienced a market share contraction in 2015. However, the Group is still far ahead of other banking groups in this business segment, based on market share. Due to further falling deposits taken by the Landesbanken, the Savings Banks Finance Group’s market share in deposits from domestic enterprises declined considerably in 2015.

Market share by business volume*

Total market volume: EUR 6,820.5 billion



As at 31 December 2015.

* Excluding derivative financial instruments in the trading portfolio.

Sources for all market share diagrams: Deutsche Bundesbank and own calculations.

Customer lending business

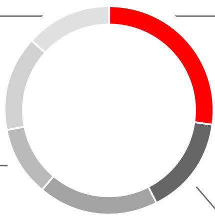
Following an increase in the previous year (by EUR 16.1 billion or 1.3%), total market volume of corporate loans rose by EUR 23.6 billion (or 1.8%) to EUR 1,300.8 billion during the 2015 financial year.

With a portfolio increase of EUR 5.8 billion (up 1.1%), the Savings Banks Finance Group slightly underperformed overall market growth, thus slightly losing market share. The volume of corporate loans extended by the Group totalled EUR 551.3 billion at year-end 2015 – equivalent to a 42.4% market share, whereby the Savings Banks accounted for 27.8% and Landesbanken for 14.6%.

This means that the Savings Banks Finance Group remains the most important financial partner amongst German banks for small and medium-sized enterprises in particular.

Market share in corporate lending*

Total market volume: EUR 1,300.8 billion



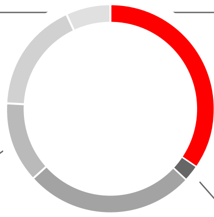
As at 31 December 2015.

* Loans to enterprises and self-employed persons (including loans for commercial residential construction).

Demand for private housing construction loans has visibly increased since 2010, particularly due to the interest rate environment. Accordingly, the total market volume of private housing construction loans rose markedly, by EUR 26.3 billion or 3.5%, during the year under review, to EUR 779.5 billion. At 3.7%, the Savings Banks Finance Group achieved portfolio growth above the sector average of 3.5% in 2015, increasing its portfolio by EUR 10.3 billion to EUR 289.2 billion. The Savings Banks accounted for EUR 272.2 billion thereof, which equates to a share of 34.9%. Together, the Savings Banks and Landesbanken accounted for a combined market share of 37.1%, as in the previous year. They were followed by the second-strongest banking group, namely the cooperative banking sector, with a share of 27.0%.

Market share in private housing construction loans

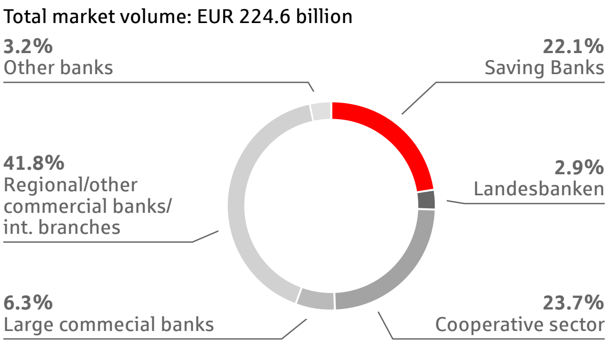
Total market volume: EUR 779.5 billion



As at 31 December 2015.

In contrast to the previous year, consumer credit business in 2015 was characterised by considerable portfolio growth rates, across all banking groups: total market volume grew by EUR 5.0 billion (or 2.3%), to EUR 224.6 billion at year-end 2015.

Market share in consumer credit



As at 31 December 2015.

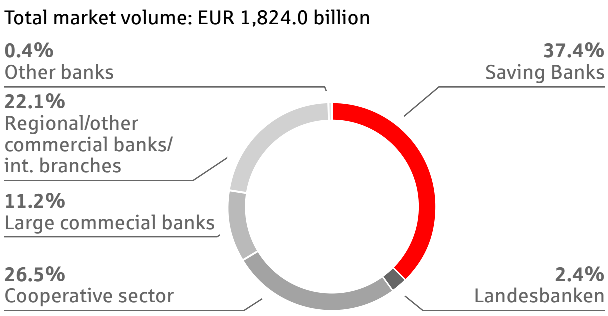
The members of the Savings Banks Finance Group recorded another slight decline in their portfolio. The reduction of EUR 0.7 billion (or 1.3%) (2014: reduction of 4.0%) resulted in another loss of market share. With a portfolio volume of EUR 56.0 billion and a share of 25.0%, the Savings Banks Finance Group lies in second place, behind the group of regional and other commercial banks/foreign bank branch networks, which hold a market share of 41.8%. This group, which comprises almost every specialised financing provider, continued to substantially expand its consumer credit market share during 2015. The cooperative banking sector achieved a slight portfolio increase (+0.8%) in the consumer credit segment. However, its market share declined marginally to 23.7% at the end of 2015 given the below-average portfolio increase.

Deposits from private individuals

The market volume of deposits from private individuals[1] again rose significantly last year – by 4.0%, to EUR 1,824.0 billion. In absolute terms, the EUR 70.7 billion increase was clearly higher than the previous year's figure of EUR 62.0 billion – and even slightly outperformed the extraordinarily high portfolio growth of EUR 70.1 billion recorded in 2012.

Looking at the different deposit categories, for the second year in a row the only increase posted during the year under review was in the aggregate volume of current account balances of private individuals, where balances again rose strongly, by 10.4% (2014: 8.3%). As in the previous year, term deposits by private individuals, savings deposits and savings bonds all declined. Based on the latest interest rate developments, the term deposits market segment becomes increasingly irrelevant in Germany.

Market share in deposits from private individuals[1]



As at 31 December 2015.

[1] Excluding term deposits for a period of more than two years.

Overall, the current developments clearly reflect the prevailing preference of private customers for liquidity. Amongst other factors, this is a consequence of the sustained low interest rate environment – it also continues to reflect the "wait-and-see" attitude of many private investors concerning their investment decisions.

The Savings Banks recorded an increase of EUR 21.3 billion (or 3.2%, previous year: +2.2%) in deposits from private individuals during 2015. Still, they once again failed to fully participate in the overall market growth in 2015, and thus surrendered additional market share. At the year-end, Savings Banks held EUR 682.3 billion in total, equivalent to a share of 37.4% – in the deposit-taking business with private customers they thus remain clearly ahead of the cooperative banking sector, which is also heavily involved in the retail business. The cooperative banks' portfolio volume amounted to EUR 484.1 billion at year-end, which represents a market share of 26.5% of total deposits from private customers. Regional and other commercial banks/foreign bank branch networks were ranked third, with total deposits of EUR 403.3 billion and a share of 22.1%. This group of institutions, which includes all direct banks, as well as "automotive banks", continued to catch up significantly with the Savings Banks during 2015.

Together with the Landesbanken, for which private deposit-taking business is of minor importance, the Savings Banks held a market share of 39.8% at the end of 2015.

Deposits from domestic enterprises

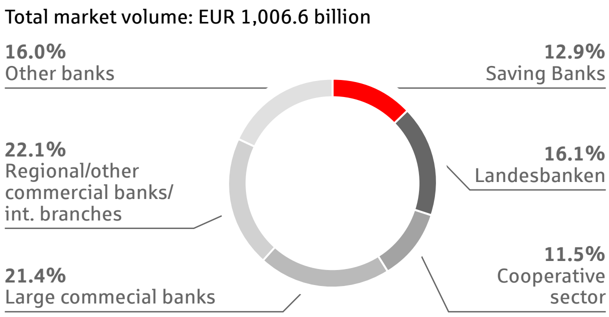
Besides private-customer deposits, funds deposited by domestic enterprises constitute the second-largest segment in overall customer deposit-taking within the German banking sector: as at year-end 2015, they totalled EUR 1,006.6 billion.

Deposits from domestic enterprises increased considerably, by EUR 23.9 billion or 2.4%, during the 2015 financial year. This increase was driven by mixed development at the individual banking groups: whilst deposits maintained with the Landesbanken and "other banks" (or, more specifically, the mortgage lenders included in that segment) once again were significantly lower, corporate deposits held with Savings Banks, cooperative banks, large private-sector banks and the group of regional and other commercial banks/foreign bank branch networks increased.

The volume of deposits by domestic enterprises with Landesbanken further decreased by EUR 6.6 billion or 3.9% (2014: decline of EUR 8.0 billion or 4.5%), to EUR 162.6 billion at the end of the year under review. The continued decline reflects the further decrease in Landesbanken funding requirements, as a consequence of measures taken to reduce total assets in line with the strategy. However, despite the further reductions in aggregate deposits and a loss of market share (down by 1.1 percentage points in 2015), the Landesbanken still command a strong position in domestic corporate deposits, holding a 16.1% market share.

The Savings Banks were able to increase aggregate deposits from domestic enterprises by EUR 3.6 billion (or 2.9%) to EUR 129.7 billion during the period under review, further growing their market share to 12.9%. The Landesbanken and Saving Banks together held a combined market share of 29.0% in this deposit-taking segment as at year-end 2015.

Market share in deposits from domestic enterprises



As at 31 December 2015.

Development of international expertise in 2015

2015 was another record year for the German export economy: German enterprises exported goods worth an aggregate EUR 1,180 billion – more than ever before. Accordingly, Germany posted another trade account surplus of EUR 263 billion. This success is attributable, to a significant extent, to medium-sized enterprises – which are deeply rooted in their respective regions, yet often have a strong international profile. The so-called "hidden champions" have truly become proverbial.

Rising exports and imports have significant business policy implications for Savings Banks. Many of these companies with increasingly international orientation are Savings Banks' customers. Therefore, the Savings Banks continue to gradually build their international expertise, supporting their clients on international markets. The focus here is on the S-CountryDesk, the Savings Banks Finance Group's international network hub, which maintains close cooperation with selected partner banks and service providers around the globe. Users of the S-CountryDesk have access to 400 cooperation partners in around 100 countries. Almost 250 Savings Banks are connected with the S-CountryDesk.

Throughout 2015, the S-CountryDesk further expanded its international cooperation with Deutsche Leasing, which was launched in the previous year and now covers 14 countries. Corporate clients of Savings Banks have access to the local know-how and connections of Deutsche Leasing's "GermanDesks" anchored in their respective countries.

In August 2015, Helaba and Deutsche Leasing agreed to intensify cooperation in foreign countries. This move reflects the cooperation partners' intention to cater to the growing demand from Savings Banks' clients, through extending their international financing and service offers. The optimised alignment of the cooperation partners' core competencies allows the development of individual solutions offered from a single source. Taken together, Helaba and Deutsche Leasing operate more than 30 offices abroad, offering extensive on-site services to Savings Banks and their clients around the globe – and in Germany, of course.

Given the strong cooperation between S-Country Desk, Deutsche Leasing and Helaba, Savings Banks are able to meet the challenging requirements of corporate clients with international business activities.

Business development and financial position

Performance of the banks included in the institutional protection scheme – an aggregated view

In the operative business, the Savings Banks Finance Group[1] generated improved results in the 2015 financial year, compared to the previous year.

Unlike the years 2011 to 2014, the financial performance of the Savings Banks Finance Group during the year under review benefited from sizeable changes in the revaluation results[2], and in net extraordinary income/expenses[3]. On balance, this translated into positive effects for the financial performance, which was the main source for the considerable improvement in net income (before and after taxes) over the previous year. The financial performance of the Landesbanken was the primary driver of this development.

↘ More information on the business development of Savings Banks, Landesbanken and Landesbausparkassen is available on pages 36, 44 and 48.

In terms of operative performance, the Savings Banks Finance Group disclosed a clearly improved result compared with the previous year: operating profit before revaluation of EUR 13.2 billion was reported for 2015, compared with EUR 12.1 billion for 2014 (+9.3%). The improvement was due to slightly improved net trading income/expenses (net income from financial operations), and to higher net commission income: net trading income/expenses – which, within the Savings Banks Finance Group, is only relevant at the Landesbanken – increased from EUR 0.1 billion in the previous year to EUR 0.5 billion. The Savings Banks Finance Group's net commission income rose by 8.9%, to EUR 7.8 billion. At EUR 32.3 billion, net interest income was down only marginally year-on-year (–0.9%).

Administrative expenses rose by 2.5%, to EUR 27.7 billion, particularly due to higher personnel expenses.

The cost/income ratio[4] for the entire Savings Banks Finance Group rose slightly, to 69.1%, during the 2015 financial year (2014: 68.1%), driven by an increase in administrative expenses.

The Savings Banks Finance Group's revaluation results were shaped by a lower negative revaluation balance for 2015. Total revaluation expenses decreased from EUR –1.5 billion in the previous year to EUR –1.0 billion. The positive effects were the result of much lower loan loss provisions recognised in the lending business of Landesbanken.

Compared to the previous year, net extraordinary income/expenses placed a considerably lower burden on the Savings Banks Finance Group's results of operations in 2015: at EUR –5.6 billion, the net deficit was substantially lower than the previous year's level of EUR –7.0 billion. In 2014, net extraordinary income/expenses was burdened by the financial investment performance of the Landesbanken, mainly due to non-recurring effects at one Landesbank. However, these non-recurring effects did not apply in 2015, which therefore translated into improved results.

[1] This chapter relates to the aggregated performance of the Savings Banks, Landesbanken and Landesbausparkassen (whereby Landesbanken are reported excluding foreign branches, domestic and international subsidiaries, and Landesbausparkassen).

[2] Write-downs and impairment losses on receivables and securities held as liquidity reserves (netted against income from amounts written back on receivables and securities held as liquidity reserves), plus changes in reserves for general banking risks under Section 340f HGB.

[3] Balance of other income and expenses, plus extraordinary income and expenses: unlike the income statement statistics of Deutsche Bundesbank, the additions to, or withdrawals from the fund for general banking risks according to Section 340g HGB are included in net extraordinary income/expenses.

[4] Administrative expenses relative to the sum of net interest income and net commission income.

Key financial indicators of the Savings Banks Finance Group

Selected balance sheet items

	As at year-end 2015 EUR bn	As at year-end 2014 EUR bn	Change in %
Loans and advances to banks (MFIs[1])	**294.2**	338.1	–13.0
Loans and advances to non-banks (non-MFIs[1])	**1,193.0**	1,186.0	+0.6
Liabilities to banks (MFIs[1])	**408.9**	452.9	–9.7
Liabilities to non-banks (non-MFIs[1])	**1,192.9**	1,166.1	+2.3
Equity	**152.9**	149.3	+2.4
Total assets	**2,157.7**	2,251.9	–4.2
Tier 1 ratio[2] (in %)	**15.1**	14.6	+0.5

Selected income statement items[3]

	2015[4] EUR bn	2014 EUR bn	Change in %
Net interest income	**32.349**	32.639	–0.9
Net commission income	**7.759**	7.123	+8.9
Net result from financial operations	**0.522**	0.121	> +200%
Administrative expenses	**27.731**	27.063	+2.5
Operating profit before revaluation results	**13.221**	12.100	+9.3
Operating profit after revaluation results	**12.196**	10.618	+14.9
Net income before taxes	**6.605**	3.578	+84.6
Income-related taxes	**3.721**	3.386	+9.9
Net income after taxes	**2.884**	0.192	> +200%
of which: net income of Savings Banks after taxes	**1.973**	1.872	+5.4
of which: net income/loss (–) of Landesbanken after taxes	**0.868**	–1.731	–[5]
of which: net income of Landesbausparkassen after taxes	**0.043**	0.050	–14.0

1 Monetary Financial Institutions
2 Savings Banks and Landesbanken only (excluding Landesbausparkassen)
3 In line with the 'original' income statement in accordance with the German Commercial Code, additions to the fund for general banking risks pursuant to section 340g of the HGB are recognised as expenses, thereby reducing net income. Until 2010, DSGV Financial Reports had adhered to the principles applied in Deutsche Bundesbank's income statement statistics, where such additions pursuant to section 340g of the HGB are treated as appropriation of profits (increasing net income).
4 Preliminary figures from financial statements in accordance with the HGB, some of which are as yet unaudited.
5 Calculation is immaterial

EUR 152.9 billion

Total equity of the Savings Banks Finance Group

Overall, the member institutions of the Savings Banks Finance Group achieved net income for the year before taxes of EUR 6.6 billion in 2015, compared to EUR 3.6 billion the year before. After taxes, the Savings Banks Finance Group disclosed net profit of EUR 2.9 billion, compared with EUR 0.2 billion in the previous year.

During the financial year under review, the rate of decline in the Savings Banks Finance Group's aggregated total assets accelerated again, compared to the previous year. This reflected the fact that strategic measures for realigning and re-dimensioning the Landesbanken implemented a further reduction of the Group's total assets.

Total assets decreased by 4.2%, from EUR 2,251.9 billion to EUR 2,157.7 billion (2014: –0.5%). More specifically, interbank loans and advances – as well as liabilities – saw further sharp declines, especially at the Landesbanken, whereas the customer business portfolio grew slightly. During the year under review, loans and advances to non-banks rose by 0.6%, to EUR 1,193.0 billion. Liabilities to non-banks were up 2.3%, to EUR 1,192.9 billion.

In 2015, the Savings Banks Finance Group reported a further increase in equity of 2.4%, to EUR 152.9 billion (2014: +2.0%). The Group therefore further improved its capitalisation during the financial year under review.

Tier 1 capital of the Savings Banks Finance Group, determined in accordance with CRR/CRD IV[1], increased to EUR 146.5 billion at year-end 2015 (31 Dec 2014: EUR 139.6 billion). The aggregate risk contribution (from counterparty credit risk, market risk exposures, and other risks) amounted to EUR 969.7 billion (31 Dec 2014: EUR 956.8 billion). Therefore, the Savings Banks Finance Group increased its tier 1 ratio to 15.1% at year-end 2015, compared to 14.6% at year-end 2014.

Based on its solid capitalisation, the Savings Banks Finance Group will therefore continue to make a sustainable contribution to financing the German economy – and particularly to the numerous small and medium-sized enterprises.

Business development of the Savings Banks

The Savings Banks in Germany saw successful business development in the lending and deposit-taking businesses during 2015. Total assets increased by EUR 17.9 billion (+1.6%), to EUR 1,145.3 billion. The total number of Savings Banks decreased slightly, from 416 in the previous year to 413 (or 409 as at 1 June 2016).

The Savings Banks reported growth in customer lending: the increase of EUR 24.4 billion (or +3.4%) to EUR 745.1 billion was considerably stronger than in the previous year (+1.7%). Business was characterised by strong momentum; new business was even stronger than the record level seen in the previous year. However, this was offset by a high level of repayments, which increased again and thus prevented a stronger increase in the customer lending portfolio.

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

EUR 1,145.3 billion

Total Savings Banks assets

Private housing construction loans were once again among the most important growth drivers in 2015. This part of the portfolio rose by EUR 11.8 billion (+4.5%), to EUR 272.3 billion. At EUR 52.2 billion, new loans granted to private home-builders rose by 23.3% compared to the previous record year of 2014.

The portfolio of loans extended to enterprises and self-employed persons increased further in 2015. The increase of EUR 12.8 billion (+3.7%), to EUR 361.6 billion, was clearly above the average level. The growing customer portfolio was due to the strong demand for investment loans, as well as loans for commercial residential construction. Savings Banks reported new business originated with a total volume of EUR 81.2 billion, beating the record level achieved in 2012.

Selected income statement items of the Saving Banks[1]

	2015[2] EUR bn	2014 EUR bn	Change in %
Net interest income	**23.008**	23.244	–1.0
Net commission income	**6.946**	6.441	+7.8
Net result from financial operations	**–0.001**	0.008	–[4]
Administrative expenses	**20.201**	19.888	+1.6
Staff expenses	**12.845**	12.605	+1.9
Non-personnel expenses, including amortisation of tangible fixed assets	**7.356**	7.283	+1.0
Operating profit before revaluation results	**10.006**	9.237	+8.3
Revaluation results (excluding equity investments)	**0.102**	0.009	>+200
Operating profit after revaluation results	**10.108**	9.246	+9.3
Net other income and expenses plus extraordinary income and expenses[1,3]	**–5.224**	–4.581	+14.0
of which: addition to the fund for general banking risk pursuant to Section 340g HGB	**–4.117**	–3.969	+3.7
Net income before taxes	**4.884**	4.665	+4.7
Income-related taxes	**2.911**	2.793	+4.2
Net income after taxes	**1.973**	1.872	+5.4
Return on equity before taxes (in %; changes in percentage points)	**9.662**	9.892	–0.2
Cost / income ratio (in %; changes in percentage points)	**67.440**	66.997	+0.4

[1] In line with the 'original' income statement in accordance with the German Commercial Code, additions to the fund for general banking risks pursuant to section 340g of the HGB are recognised as expenses, thereby reducing net income. Until 2010, DSGV Financial Reports had adhered to the principles applied in Deutsche Bundesbank's income statement statistics, where such additions pursuant to section 340g of the HGB are treated as appropriation of profits (increasing net income).
[2] Preliminary figures from financial statements in accordance with the HGB, some of which are as yet unaudited.
[3] This includes the net balance of profits from the disposal of financial investments and investment securities, write-downs or write-ups on financial investments and investment securities, as well as changes in the fund for general banking risks pursuant to section 340g of the HGB (whereby additions to the fund are included as negative amounts).
[4] Calculation is immaterial

EUR **4.9** billion

Savings Banks net income before taxes

Given the prevailing low-interest rate environment, the Savings Banks achieved a satisfactory result in customer deposits in 2015. The increase of EUR 24.8 billion (+3.0%), to EUR 861.5 billion exceeded the previous year's rate (+2.5%). Structurally, developments in a persistent low interest rate phase mirrored those of 2014. Current account balances increased, while other types of investment (own issues, term deposits, savings deposits) posted declines.

The Savings Banks posted a strong rise in the turnover generated in customer securities trading (+10.2%), which does not burden their balance sheet. At EUR 7.2 billion, net sales (customer purchases less sales) were clearly positive, beating the 2007 record level.

Hence, the direct creation of financial assets was again driven by inflows from the deposit-taking business, as well as from the securities business, in the period under review.

When the home loan savings business and life assurance business attributable to the Savings Banks is included, their customers made new – direct and indirect – investments of EUR 34.2 billion with their Savings Banks, an increase of 26.3% year-on-year and a new record level since 2001.

Financial performance

The financial performance of Savings Banks during the 2015 financial year once again showed a relatively homogeneous development for the three core elements of "operating profit", "revaluation results" and "net extraordinary income/expenses"[1] , with relatively minor changes compared to the previous year. This applies both to results of operations (operating profit before revaluation results) and to revaluation results.

The Savings Banks' operating business is still determined particularly by the development of net interest income generated from the highly competitive lending and deposit-taking business with private customers and medium-sized enterprises. During the 2015 financial year, Savings Banks generated net interest income of EUR 23.0 billion – a slight decline of 1.0% year-on-year (2014: EUR 23.2 billion).

The relatively stable net interest income is attributable to a number of contributing factors. In the customer business, the income decline suffered from the margin pressure in the customer deposits business was largely offset by volume and margin expansions in the lending business, as well as the continued shift of customer funds into current account balances. As expected, income from maturity mismatches showed a further slight decline. However, modest increases in the interest rate structure led to a slowdown of the decreasing momentum towards the end of the year.

Net commission income generated by Savings Banks rose considerably, by 7.8% in the year under review, to reach EUR 6.9 billion (2014: EUR 6.4 billion). This improvement can be traced in particular to a further rise in commission income from payment transactions and customer securities trading. As in the previous year, Savings Banks also saw considerably higher revenues in business generated from intermediation to Group partners, especially in insurance policies originated for public-sector insurers and real estate brokerage services.

[1] Balance of other income and expenses plus extraordinary income and expenses: unlike the income statement statistics of Deutsche Bundesbank, the additions to, or withdrawals from the fund for general banking risks according to Section 340g HGB are included in net extraordinary income/expenses.

EUR **745.1** billion

Total customer lending by Savings Banks

Overall, the slight decline in net interest income was offset by the increasing net commission income.

Administrative expenses grew by 1.6%, to EUR 20.2 billion in 2015 (2014: EUR 19.9 billion). Savings Banks' non-staff expenses were up slightly, by 1.0%, to EUR 7.4 billion (2014: EUR 7.3 billion), whilst staff expenses rose to EUR 12.8 billion (2014: EUR 12.6 billion). This renewed increase in staff expenses in 2015 was mainly attributable to the fact that it was not possible to entirely offset the marked salary increases under the last collective wage agreement through staff consolidation measures, such as partial retirement, or natural fluctuation.

In the 2015 financial year, the Savings Banks' cost/income ratio (the ratio of administrative expenses to the total of net interest income and net commission income) rose from 67.0% to 67.4%, due to the increase in administrative expenses, whilst the aggregate of net interest income and net commission income rose by 0.9%.

The aggregate results of operations (operating profit excluding revaluation results) increased considerably, by 8.3%, to reach EUR 10.0 billion (2014: EUR 9.2 billion), driven by positive net other operating income/expenses.

Referring to the revaluation results[1], the Savings Banks achieved a marginal net revaluation income of EUR 0.1 billion in 2015, compared to a neutral net revaluation income (Nil) in the previous year. Regarding loan loss provisions, attributions have exceeded impairment losses for the first time, translating into revaluation income of EUR 0.2 billion for 2015, compared to neutral results (Nil) in the previous year. This historically low provisioning level is a result of stable economic developments with slightly increasing growth rates, whilst Savings Banks also benefit from the fact that they have not held any "toxic" assets in their credit portfolio for several years.

The current provisioning levels continue to indicate that the considerably refined risk measurement and management process employed by the Savings Banks in recent years delivers reliable results, and so makes an important contribution to adequate risk cover.

The valuation of securities held in the liquidity reserve led to revaluation expenses of EUR 0.4 billion in 2015. Following a revaluation gain of EUR 0.4 billion in 2014, this translated into a negative impact on the revaluation of securities held in the liquidity reserve of EUR 0.8 billion in a year-on-year comparison.

During the 2015 financial year, net extraordinary income/expenses disclosed by the Savings Banks was again dominated by the allocation to the fund for general banking risks under section 340g of the HGB. At EUR 4.1 billion, additions to reserves pursuant to section 340g of the HGB were slightly higher than in the previous year (2014: EUR 4.0 billion). Total net extraordinary income/expenses for 2015 stood at a deficit of EUR 5.2 billion, which amounted to a 14.0% increase compared to the previous year (2014: EUR 4.6 billion).

This deterioration in net extraordinary income/expenses was over-compensated by the considerable increase of results of operations (operating profit before revaluation results) as well as the slightly positive revaluation results. With a net income before taxes of EUR 4.9 billion, the overall results of the Savings Banks for the 2015 financial year thus exceeded the figure for the previous year by 4.7% (2014: EUR 4.7 billion).

[1] Revaluation results comprise loan loss provisions as well as additions to/reversals of reserves for general banking risks under section 340f of the HGB.

EUR **861.5** billion

Total Savings Banks customer deposits

Development of Saving Banks' customer lending business

	2015 EUR bn	2014 EUR bn	Change EUR bn	Change in %
Customer lending	**745.1**	720.7	+24.4	+3.4
Business loans[1]	**361.6**	348.8	+12.8	+3.7
Loans to private individuals	**321.8**	310.8	+11.0	+3.5
Private housing construction loans	**272.3**	260.5	+11.8	+4.5
Consumer loans	**49.6**	50.4	–0.8	–1.6
Loans to public sector	**46.4**	46.8	–0.4	–0.9
Loan commitments/loan disbursements Total domestic customers	**155.4/141.9**	131.9/123.1	+23.5/+18.8	+17.8/+15.3
Loan commitments/loan disbursements Enterprise and self-employed persons[1]	**81.2/72.9**	69.4/63.9	+11.8/+9.0	+16.9/+14.1
Loan commitments/loan disbursements Private individuals	**64.8/59.9**	54.0/51.1	+10.8/+8.8	+19.9/+17.3

[1] Including loans for commercial residential construction.

Net income after taxes stood at EUR 2.0 billion for the 2015 financial year, marginally above the previous year's figure of EUR 1.9 billion.

Lending business

Aggregate customer lending grew by EUR 24.4 billion in 2015, bringing the total lending portfolio to EUR 745.1 billion (+3.4%; previous year: +1.7%).

New business was up 17.8% over the previous year, reaching a new record volume of EUR 155.4 billion. However, this was not reflected in the portfolios to a stronger extent due to very high redemption payments. At EUR 118 billion, these were even higher than the already elevated level of the previous year. The new record level was driven by the corporate lending business and private housing finance.

In the course of the year, Savings Banks extended a total volume of EUR 81.2 billion in new loans to enterprises and self-employed persons, which was EUR 11.8 billion or 16.9% more than in the previous year. Even the record year of 2012 (total volume of EUR 69.9 billion) was clearly outperformed.

At 86.9%, medium- and long-term maturities continued to account for the bulk of loan commitments in 2015, with a close link to investments.

The strong new business was also reflected in the credit portfolio: growth in 2015 amounted to EUR 12.8 billion or 3.7% (portfolio at year-end: EUR 361.6 billion).

Investment loans extended to enterprises and self-employed persons rose by EUR 6.0 billion or +2.4% in 2015, bringing the portfolio to EUR 253.9 billion (previous year: +0.1%). The positive environment (favourable interest rate situation, general rise in rents) prevailed in commercial housing construction. In this segment, the lending portfolio grew by EUR 6.8 billion or 6.7%, to reach a total of EUR 107.7 billion.

Savings Banks also considerably expanded new loans to private individuals compared with the previous year. New loans extended in 2015 amounted to EUR 64.8 billion, an increase of EUR 10.8 billion (+19.9%) compared to 2014, and a new record level. The credit portfolio once again increased quite strongly, by EUR 11.0 billion (+3.5%), to reach EUR 321.8 billion at year-end 2015 (previous year: +1.8%).

As in previous years, this increase was attributable exclusively to the development surrounding private housing loans. In an environment where the real estate economy remains strong, the Savings Banks committed to EUR 52.2 billion in loans for private housing construction in 2015, which represents a new record and an increase of EUR 9.8 billion (+23.3%) in new business over the strong 2014. The volume of private housing construction loans rose by EUR 11.8 billion (+4.5%) to EUR 272.3 billion, a marked increase that clearly outperformed the previous years.

Consumer credit business was again unsatisfactory in 2015. Although the volume of loans extended (EUR 12.6 billion) outperformed the figure of the previous year by EUR 0.9 billion (+7.7%), the credit portfolio decreased further (EUR –0.8 billion or –1.6%) given increased redemptions. However, it should be taken into account that Savings Banks' customers possess significant amounts of liquidity, and are using such funds to an increasing extent for consumption, given the current interest rate environment.

Loans to domestic public-sector authorities decreased by EUR 0.4 billion in 2015 (–0.9%) to EUR 46.4 billion (2014: +3.0%). At EUR 6.3 billion, the volume of new business was up 7.8% year-on-year.

Customer securities trading

The Savings Banks' off-balance sheet customer securities trading business generated total turnover of EUR 115.3 billion in 2015, which was clearly above the previous year's level (EUR +10.7 billion or +10.2%). Turnover was increased in the equities (+28.7%) and investment funds (+20.6%) business, but fell in the fixed-income securities business (–9.2%).

Against the background of positive share price developments, Savings Banks customers accelerated their activities on the securities markets, as shown by the slightly increasing number of Savings Banks, DekaBank, and S-Broker customer securities accounts (+0.2% to 6.32 million in 2015).

Development of Savings Banks' customer securities business

	2015 EUR bn	2014 EUR bn	Change EUR bn	Change in %
Securities turnover	**115.3**	104.6	+10.7	+10.2
Net turnover of securities[1]	**7.2**	3.0	+4.2	+142.8

[1] Net turnover as a balance of customers' purchases and sales.

+26.3 %

Higher wealth creation for Savings Banks customers

Development of Savings Banks' customer deposit-taking business

	2015 EUR bn	2014 EUR bn	Change EUR bn	Change in %
Customer deposits	**861.5**	836.7	+24.8	+3.0
of which: savings deposits	**296.2**	298.3	–2.1	–0.7
of which: own issues	**48.3**	56.8	–8.5	–15.0
of which: term deposits	**24.2**	31.5	–7.3	–23.2
of which: current account balances	**492.8**	450.1	+42.7	+9.5

Creation of financial assets[1] by Savings Banks customers

	2015 EUR bn	2014 EUR bn	Change EUR bn	Change in %
Creation of financial assets by customers	**34.2**	27.1	+7.1	+26.3
Private creation of assets	**29.6**	19.9	+9.6	+48.4

[1] Deposit-taking business, customer securities trading, intermediated home loan savings deposits, intermediated life insurance policies.

Net sales (purchases less sales) were clearly positive at EUR 7.2 billion in 2015. Highly positive net sales for investment funds (EUR +9.8 billion) and a slightly positive net figure for equities (EUR +1.0 billion) were partly offset by a negative net figure for fixed-income securities (EUR –3.6 billion). Mixed funds (EUR +3.4 billion), open-ended real estate funds (EUR +1.6 billion) and pension funds (EUR +0.2 billion) posted the highest net figures.

Funding

To refinance their business, the Savings Banks mainly use deposits from private customers and enterprises. At EUR 24.8 billion (+3.0%), growth in customer deposits in 2015 to a total volume of EUR 861.5 billion was higher than in previous years (2014: +2.5%).

The interest-driven development of recent years continued: current account balances rose further, by EUR 42.7 billion (9.5%), bringing the aggregate figure to EUR 492.8 billion. Savings deposits decreased slightly, by EUR 2.1 billion (–0.7%), to EUR 296.2 billion. Own issues (EUR –8.5 billion or –15.0%) and term deposits (EUR –7.3 billion or –23.2%) were significantly reduced.

14.8 %

Savings Banks tier 1 ratio

Deposits from domestic enterprises rose by EUR 1.3 billion (+0.9%) in 2015 to EUR 142.9 billion, which was slightly less than the previous year (+2.9%). Private customers deposited an additional EUR 22.7 billion (+3.6%, to reach EUR 657.6 billion), which was an increase compared to 2014 (+2.3%).

Thus, as in the previous years, the Savings Banks continued to enjoy a comfortable refinancing situation, which permitted the refinancing of customer lending entirely through customer deposits.

Creation of financial assets

As a result of higher increases in the deposit-taking business compared to the previous year and considerably positive net sales in the securities business, the creation of financial assets has clearly improved. Including the home loan savings business and life assurance business which can be attributed to the Savings Banks, customers created added wealth of EUR 34.2 billion with their Savings Banks during 2015. This is an increase of 26.3% compared to 2014, and the highest figure since 2001.

Regarding private individuals, the previous year's figure was exceeded by as much as 48.4%. Private customers invested an additional EUR 29.6 billion, representing the highest net increase for private individuals since 2001.

Equity

At the end of the 2015 financial year, the Savings Banks reported total regulatory equity of EUR 105.4 billion. German Savings Banks have continuously increased their total capital ratio and tier 1 ratio (according to the Capital Requirements Regulation – "CRR") over recent years: the total capital ratio at the year-end 2015 was 16.7%. Given that only tier 1 capital continues to be strengthened, the tier 1 ratio has risen strongly, up to 14.8%. Excluding hybrid core capital components, the common equity tier 1 (CET1) ratio stands at 14.7%. Thus, the Savings Banks already exceed requirements of the Basel III regime which will be applicable from 2019.

The Savings Banks' comfortable equity base emphasises their financial independence, and their ability to adapt to the more rigorous regulatory requirements.

Regulatory indicators of the Savings Banks

	2015 in %	2014 in %	Change in PP
Tier 1 ratio	**14.8**	14.5	+0.30
Common equity tier 1 ratio	**14.7**	14.4	+0.31
Total capital ratio	**16.7**	16.6	+0.12

EUR **420.7** billion

Total customer lending by Landesbanken

Business development of the Landesbanken

In the financial year 2015, business development of the Landesbanken was shaped by an ongoing marked reduction in total assets. The implementation of the strategic re-dimensioning and realignment measures agreed upon in the wake of the financial markets crisis led to the reduction of total assets between year-end 2008 and December 2015 by more than EUR 600 billion (or 40%).

Taken together, the nine Landesbank institutions reduced total assets by EUR 113.3 billion (or 10.7%), to EUR 947.3 billion, in the course of 2015. Thus, the reduction of the on-balance-sheet business, which had slowed down to –2.9% in 2014, clearly accelerated again in the period under review (–13.5%), to reach the high level seen in 2013.

The considerable reduction of total assets was attributable to a marked decrease in interbank loans and own-account securities investments as well as strong reductions to the securitised liabilities portfolio.

Landesbanken liabilities to non-banks (customer deposits) declined slightly during 2015, which was mainly driven by a reduction of the deposit-taking business with insurance companies. However, liabilities to financial institutions as well as the non-financial sector further increased in 2015.

Lending business

On the assets side of interbank business, the Landesbanken recorded a drop in loans and advances to banks of EUR 30.4 billion (12.9%), to EUR 204.8 billion from EUR 235.2 billion in the previous year (–12.4%). Loans and advances to German domestic banks (excluding Savings Banks) were scaled back by EUR 13.1 billion to EUR 64.9 billion, showing the sharpest fall. Landesbanken loans to foreign banks were down by EUR 12.4 billion to EUR 84.1 billion. Landesbanken loans and advances to Savings Banks fell by EUR 4.9 billion to EUR 56.8 billion, whilst their volume of customer lending experienced a slight decline during the financial year under review. Loans and advances to non-banks were scaled down by a total of 4.1%, from EUR 438.6 billion to EUR 420.7 billion (2014: –1.3%).

Loans and advances to domestic and foreign companies, which slightly increased in the previous year (by 1.1% to EUR 311.9 billion), decreased by 2.6% to EUR 303.6 billion in the year under review. Loans and advances to domestic and foreign public-sector authorities declined by 7.7%, from EUR 88.8 billion to EUR 81.9 billion. Loans and advances to domestic private individuals (including non-profit organisations) were down by 7.4%, from EUR 37.9 billion to EUR 35.1 billion.

EUR **287.7** billion

Total Landesbanken customer deposits

Securities business
In 2015, the Landesbanken made further significant cutbacks to their own-account securities investments: the total portfolio decreased by 16.0%, from EUR 213.9 billion to EUR 179.6 billion (2014: –6.8%). In this context, the investments in almost all classes of securities were reduced. Investments in bank bonds declined by 27.2%, from EUR 101.9 billion to EUR 74.2 billion. The portfolio of corporate bonds was scaled down by 12.6%, from EUR 26.5 billion to EUR 23.1 billion. In addition, the portfolio of non-fixed income securities (equities, investment certificates) decreased by 17.5% in the year under review, from EUR 14.1 billion to EUR 11.6 billion. Money market instruments held amounted to EUR 1.7 billion at year-end, and thus played a less important role.

Securities holdings in public-sector bonds and other debt securities increased by 3.8% in the year under review, from EUR 66.5 billion to EUR 69.0 billion.

Funding
In customer deposits, the Landesbanken recorded a minimal decline of 0.5%, from EUR 289.0 billion to EUR 287.7 billion in 2015, compared to a 4.1% decline in 2014.

The decline in the portfolio was again attributable mainly to liabilities to domestic and foreign companies, which fell by 3.5%, from EUR 164.8 billion to EUR 159.1 billion, and by 6.2%, from EUR 34.3 billion to EUR 32.1 billion, respectively.

A more detailed breakdown of liabilities to domestic companies reveals that the portfolio decrease was due to a EUR 18.6 billion drop in liabilities to insurance companies: from EUR 93.0 billion to EUR 74.4 billion (–20.0%). By contrast, the Landesbanken liabilities to financial institutions increased by EUR 5.4 billion (+19.4%) to EUR 33.4 billion, while the liabilities to the non-financial sector grew by EUR 7.5 billion (+17.1%), from EUR 43.8 billion to EUR 51.4 billion.

Hence, the share of the non-financial sector exposure within the customer deposit business of the Landesbanken further increased.

Deposits from domestic public-sector entities grew by EUR 4.0 billion (+8.3%), from EUR 48.5 billion to EUR 52.5 billion, whereas deposits from domestic private individuals (including non-profit organisations) increased by EUR 2.2 billion (+5.2%), from EUR 41.2 billion to EUR 43.3 billion.

Compared to the liabilities to customers, the Landesbanken cut back interbank liabilities considerably during 2015: They decreased by 10.9%, from EUR 300.9 billion to EUR 268.1 billion (2014: –4.5%). Liabilities to domestic banks (excluding Savings Banks) decreased by 10.2%, from EUR 199.5 billion to EUR 179.2 billion during the financial year under review, while liabilities to Savings Banks fell by 8.5%, from EUR 33.2 billion to EUR 30.4 billion. Liabilities to foreign banks were down 14.2% compared to the previous year, from EUR 68.3 billion to EUR 58.5 billion (2014: +4.2%).

In 2015, the Landesbanken recorded a considerable decrease in securitised liabilities. The portfolio shrank by 18.5%, from EUR 233.5 billion to EUR 190.3 billion. This development was attributable primarily to ongoing lower funding requirements of the Landesbanken due to the continued implementation of the asset reduction programme. In 2014, the Landesbanken recorded a 10.1% decline in the volume of securitised liabilities.

15.6 %

Tier 1 ratio of the Landesbanken

Equity

The Landesbanken reported lower equity in 2015, down 3.6% to EUR 54.7 billion from EUR 56.7 billion. This decline was mainly attributable to temporary partial repayments of silent participations of one institution, which have since been fully paid-in. In addition, one institution disclosed net losses for the financial year, which had to be covered by the reversal of reserves.

The regulatory tier 1 capital of the Landesbanken, calculated under CRR/CRD IV, increased to EUR 53.0 billion at year-end 2015 (year-end 2014: EUR 51.3 billion). The overall risk exposure (counterparty credit risk, market risk positions and other risks) declined to EUR 338.9 billion (year-end 2014: EUR 349.0 billion). Thus, the tier 1 ratio of the Landesbanken increased to 15.6% at the end of 2015 in accordance with CRR/CRD IV (year-end 2014: 14.7%).

The Landesbanken continued their consolidation process, further reduced the risk-weighted assets, and simultaneously strengthened the core capital ratio. Less high-risk business, more solidity – this summarises the development of the eight Landesbanken and DekaBank during the year under review.

Financial performance[1]

Overall, the Landesbank Group achieved net income for the year (before taxes) of EUR 1.6 billion in the 2015 financial year, representing something of a return to normality after the net loss (before taxes) of EUR 1.2 billion recognised for the 2014 financial year, which was burdened by non-recurring effects.

2014 was characterised by opposite developments in the revaluation results for the lending business on the one hand, and extraordinary expenses[2] on the other. However, 2015 took a more positive development. Both the expenses incurred in the revaluation results for the lending business as well as other and extraordinary expenses decreased, the latter considerably so. The opposite developments observed in 2014 were due mainly to extraordinary items with a major impact on two institutions' results for 2014.

The Landesbanken disclosed a slightly increasing operating profit for the year under review. This was driven by the net result from financial operations, increasing from EUR 0.1 billion in the previous year to EUR 0.5 billion in 2015. Net commission income of EUR 1.0 billion was also stronger than in the previous year (EUR 0.8 billion). Net interest income remained stable at EUR 8.3 billion. Administrative expenses increased from EUR 6.6 billion to EUR 6.9 billion.

[1] Source: Landesbanken single-entity financial statements in accordance with the HGB (including DekaBank).
[2] Balance of other income and expenses, plus extraordinary income and expenses: unlike the income statement statistics of Deutsche Bundesbank, the additions to, or withdrawals from the fund for general banking risks according to Section 340g HGB are included in net extraordinary income/expenses.

Selected balance sheet and income statement items of the Landesbanken (including DekaBank)

Selected balance sheet items

	As at year-end 2015 EUR bn	As at year-end 2014 EUR bn	Change in %
Loans and advances to banks (MFIs[1])	**204.8**	235.2	–12.9
Loans and advances to non-banks (non-MFIs[1])	**420.7**	438.6	–4.1
Liabilities to banks (MFIs[1])	**268.1**	300.9	–10.9
Liabilities to non-banks (non-MFIs[1])	**287.7**	289.0	–0.5
Total assets	**947.3**	1,060.6	–10.7

Selected income statement items[2]

	2015[3] EUR bn	2014 EUR bn	Change in %
Net interest income	**8.320**	8.326	–0.1
Net commission income	**0.983**	0.837	+17.4
Net result from financial operations	**0.523**	0.113	> +200 %
Administrative expenses	**6.946**	6.550	+6.0
Operating profit before revaluation results	**3.081**	2.680	+15.0
Revaluation results (excluding equity investments)	**–1.120**	–1.582	+29.2
Operating profit after revaluation results	**1.961**	1.099	+78.4
Net other income and expenses plus extraordinary income and expenses[2,4]	**–0.328**	–2.313	–85.8
of which: withdrawals from (+) / additions to (–) the fund for general banking risks pursuant to Section 340g HGB	**–0.200**	–0.977	–[5]
Net income before taxes	**1.632**	–1.214	–[5]
Income-related taxes	**0.764**	0.517	+47.8
Net income/net loss after taxes	**0.868**	–1.731	–150.1

[1] Monetary Financial Institutions.
[2] In line with the "original" income statement in accordance with the German Commercial Code, additions to the fund for general banking risks pursuant to Section 340g HGB are recognised as expenses reducing net income; accordingly, withdrawals from this fund are recognised as income. Up until 2010, DSGV Financial Reports had adhered to the principles applied in Deutsche Bundesbank's income statement statistics, where such additions or withdrawals pursuant to Section 340g HGB were treated as appropriation of profits (increasing or decreasing net income).
[3] Preliminary figures from financial statements in accordance with the HGB, some of which are as yet unaudited.
[4] This includes the net balance of profits from the disposal of financial investments and investment securities, write-downs or write-ups on financial investments and investment securities, as well as changes in the fund for general banking risks pursuant to Section 340g HGB (whereby additions to the fund are included as negative amounts, withdrawals as positive amounts).
[5] Calculation is immaterial.

Overall, the Landesbanken generated operating profit (excluding revaluation results) of EUR 3.1 billion in 2015 (2014: EUR 2.7 billion). The cost/income ratio[1] deteriorated to 74.7% (2014: 71.5%) due to the higher administrative expenses.

The revaluation results of the Landesbanken in the lending business had slightly positive effects on net income in 2015. Net revaluation expenses of EUR 1.1 billion were clearly below the previous year's level (EUR 1.6 billion). In the previous year, net revaluation expenses were driven by non-recurring effects: One institution of the Landesbank Group recognised loan loss provisions in the lending business in an amount of EUR 1.6 billion, while another institution disclosed a net income of EUR 0.9 billion in its income statement given some special guarantees. These one-time effects did not apply in 2015, and both institutions disclosed marginally positive net income.

Other and extraordinary expenses, which are primarily driven by financial investments and restructuring charges, decreased considerably compared to the previous year: from EUR -2.3 billion to EUR –0.3 billion, thus presenting less of a burden on the Landesbanken financial performance than in the previous year. The decline was primarily attributable to the revaluation and financial investments business. In the 2015 financial year, the Landesbanken achieved slightly positive net revaluation results of EUR 0.1 billion. In the previous year, the (negative) revaluation and financial investments result was heavily burdened by net revaluation expenses of EUR 1.9 billion given considerable additions made to the fund for general banking risks according to section 340g of the HGB.

After income taxes, the Landesbanken recorded a net loss of EUR 0.9 billion for the 2015 financial year, compared with a net loss of EUR 1.7 billion after taxes in 2014.

[1] Administrative expenses relative to the sum of net interest income and net commission income.

Business development of the Landesbausparkassen

The demand for home loan savings remains healthy. This is demonstrated by the new business volume in 2015 of the regional building societies (Landesbausparkassen – "LBS"), which stood at EUR 36.0 billion (+0.5%), thus slightly better than in the previous year and representing the second-best level in the history of the LBS Group. The volume of savings under home loan savings contracts is spread across 1,006,752 contracts concluded last year with the LBS. The average volume was therefore around EUR 35,800 – 14.9% higher than one year ago.

The currently attractive environment for building owners and property buyers has had a positive influence on the number of newly concluded home loan savings contracts, and on the lending business. The disbursement of anticipatory loans increased by 5.8% compared to the previous year, to EUR 3.5 billion. Using combinations of home loan savings contracts and anticipatory loans, secure interest rates for periods of up to 25 years can be achieved.

The Savings Banks' building societies are the undisputed market leaders in the home loan savings business in Germany. They command a market share of 37.2% based on the number of newly concluded contracts in 2015, and of 36.3% based on the volume of savings under home loan savings contracts. The LBS market share of existing contracts is 35.7% in terms of the number of contracts outstanding and 33.0% in terms of the volume of savings. Their share of the Riester scheme (Wohn-Riester) is even higher, at 47%. That is equivalent to approx. 739,000 contracts (+11.1%) on a volume of EUR 29.9 billion (+14.3%).

As at year-end 2015, the Landesbausparkassen managed 10.6 million home loan savings contracts (–2.4%) for its nine million customers, with a total home loan savings volume of EUR 288.8 billion (+0.9%).

The Landesbausparkassen were also important providers of capital for private home loan finance during 2015. The distribution of capital amounted to EUR 8.8 billion (+4.9%). The volume of home loan savings deposits increased by 1.5%, to EUR 54.9 billion as at year-end 2015. The total volume of mortgage loans grew by 1.8% to EUR 25.7 billion, while the volume of preliminary and bridging loans increased by 8.6% to EUR 20.5 billion.

The Landesbausparkassen have almost 700 advisory centres and employ around 7,900 staff, including their mobile sales force. At EUR 65.3 billion (+1.8%), the cumulative total assets of the LBS Group reached a new record at the end of 2015.

Business development of the Landesbausparkassen

	2015	2014	Change in %
New contracts			
Number (in millions)	**1.01**	1.15	–12.6
Total volume of home loan savings (EUR billion)	**36.0**	35.8	0.5
Contracts outstanding			
Number (in millions)	**10.56**	10.82	–2.4
Total volume of home loan savings (EUR billion)	**288.8**	286.3	0.9
Funds received (EUR billion)			
Total	**12.4**	13.2	–5.9
of which: savings	**9.5**	10.1	–5.7
New capital commitments	**9.0**	8.1	10.9
Distribution of capital	**8.8**	8.4	4.9
Total assets	**65.3**	64.2	1.8
Staff (including mobile sales force)			
Total	**7,857**	8,669	
of which: vocational trainees	**170**	179	

	2015 in %	2014 in %	Change in %
Market share (Number of contracts)			
New contracts	**37.2**	40.8	–3.6
Contracts outstanding	**35.7**	35.9	–0.2

Staff report

With 324,200 employees, the Savings Banks Finance Group is one of Germany's most important employers and training providers. 233,742 people worked at a Savings Bank in 2015.

Key factor for success: employees

Our employees are and will continue to be the most import connection to our clients. As brand ambassadors across Germany, they represent the Savings Banks' unique business philosophy: to understand what drives people, to provide financial security and prepare for the future. Despite a small drop in the Savings Banks Finance Group's total headcount, with 324,200 employees (number calculated based on standard presentation) it is still one of the most important employers in Germany, and amongst the largest companies offering occupational training.

Savings Banks as attractive employers

Being an attractive employer is the top priority of our human resources strategy. The positive image of Savings Banks is vital for recruiting trainees, qualified professionals and managers, in particular. As in 2014, the Savings Banks proved to be the young professionals' preferred employer of all the financial services providers, according to the 2015 "trendence Schülerbarometer", Germany's largest survey of pupils. Young professionals' expectations were met, with the technical optimisation of the Savings Banks Finance Group's central career website allowing access via mobile devices.

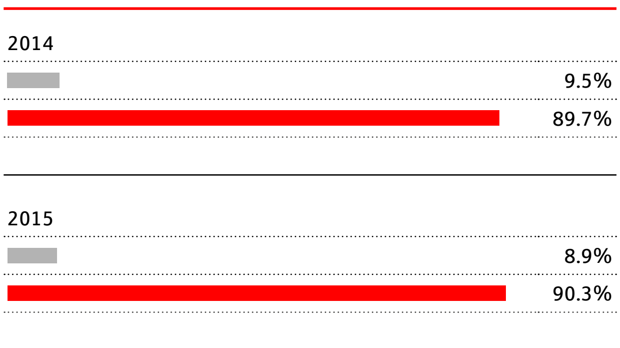
Another strategic instrument was the launch of the Savings Banks Finance Group's nationwide recruiting marketing campaign in January 2015 under the slogan "Exciting from day one", featuring national, regional and local activities aimed at the "apprentice" target group. The core element of this campaign is the testimonials from young professionals working at Savings Banks, which are designed to arouse interest among school graduates for an apprenticeship at a Savings Bank. The results of the campaign are impressive: the campaign website was visited 1.15 million times by roughly 420,000 (individual) users. An impressive 4,600 online applications were received through the Savings Banks' E-Recruiting-Tools – an immediate result from the campaign activities.

Excellent training and continued professional development

In 2015, 6,513 young people began training for their new careers at a Savings Bank, Landesbank or Landesbausparkasse. This is a slight decline compared to the previous year, reflecting the adjusted personnel requirement planning of the institutions. With a total of 21,200 apprentices and trainees across the different Group companies, the Savings Banks Finance Group remains the single largest training provider in the German banking sector, and one of Germany's largest training providers overall. A far-reaching commitment to training is part and parcel of the Savings Banks Finance Group's corporate responsibility. And this commitment produces results: Savings Banks apprentices regularly achieve the highest marks in their German Chamber of Commerce exams, and receive prestigious awards at national and regional level. The hiring rate of graduating apprentices was 90.3% in 2015, a slight increase over the previous year.

The parallel professional training path, comprising hands-on learning at a Savings Bank and lectures at a vocational school, accounts for the majority of apprenticeship places.

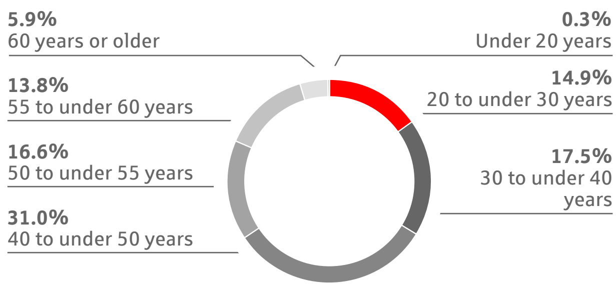
Training and permanent employment



- Vocational training rate (percentage share of vocational trainees in the total number of staff)
- Trainees/vocational trainees hired permanently (as a percentage of those having completed their training)

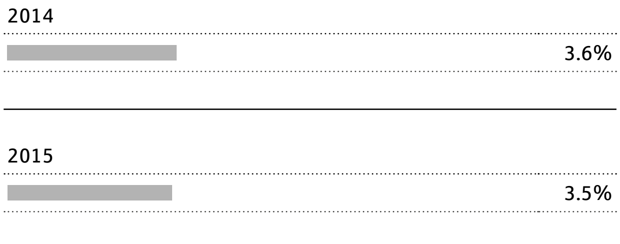
The vocational training rate and the percentage of trainees taken over into permanent employment are based on staffing numbers as at 31 December 2015.

Age structure



The diagram illustrates the structure of staff in active employment within banking operations (including Management Board members, excluding vocational and graduate trainees), in full-time equivalents as at 31 December 2015.

External fluctuation



The fluctuation rate indicates the number of staff in active employment within a Savings Bank's banking operations (including Management Board members, excluding vocational and graduate trainees) who retired during a given year. The figure includes all terminations by employees (in full-time equivalents) until 31 December 2015.

Most apprentices aim to qualify as a bank clerk, although an increasing number of young professionals decide to follow a dual course of study, combining professional training on the job with lectures at a German college. A growing number of Savings Banks participate in appropriate training programmes in cooperation with the Savings Banks Finance Group's University. These initiatives are in line with the rising demand for highly-qualified professionals and executives resulting from the Savings Banks' new distribution strategy.

Further increasing the proportion of women in management positions remains a central goal for the entire Group. The measures taken so far have led to intensified discussions within the entire Savings Banks Finance Group. Traditionally, more women than men start their careers at Savings Banks. The share of female trainees and vocational trainees is 54.2%.

Focused HR development within the scope of digitalisation

An integral part of the Savings Banks Finance Group's success is its internal training platform. The Savings Banks Finance Group offers its employees high-quality and attractive career opportunities. These are available right from day one, and carry on through to executive positions and demanding specialist roles. The Group-wide training architecture – with its eleven regional Savings Banks academies, the Management Academy as well as Savings Banks Finance Group's University in Bonn – extensively supports these opportunities for personal development, and it helps to acquire the necessary expertise as well as the essential skills and competences for each career step. The Savings Banks also tap the expertise of Group-internal institutions for the systematic development of employees in the context of digitalisation.

The Savings Banks' business model defines the customer relationship, with a high degree of client satisfaction being the top priority. Savings Banks use all possible means to provide contact with their customers – be it at the nearby branch, online, or through mobile devices. Given the shift in customer needs, online communication is becoming increasingly important to Savings Banks. The human touch set us apart from our competition, and we strive to extend this competitive advantage to all means of communication as part of the realignment of our branch structure. In order to ensure that clients can tell the difference, our employees are currently undergoing training in maintaining customer relations using a cross-channel approach. One of the qualifications offered by our academies is aimed at the training and strategic development of "digital skills" among employees and executives. This brings about new training formats, which are adjustable to different situations: seminars in the academies, online courses, as well as in-house seminars held directly in the Savings Banks. The programme is based on the Savings Banks Finance Group's dedicated system of values, which has recently been redefined in particular as part of the repositioning of the Savings Bank's brand name.

Social involvement report

The Savings Banks Finance Group continuously identifies and participates in social development. Customers and non-customers alike profit from its long-standing commitment – in line with the Savings Banks' public mandate.

Broad commitment to society strengthens public well-being

In 2015, the Savings Banks Finance Group invested EUR 470 million in its social engagement (previous year: EUR 501 million). The Savings Banks and Landesbanken share social interaction locally in many ways. They promote culture and the arts, make commitments to social projects, provide support for sports – and they help in the areas of education and the environment.

Culture and the arts

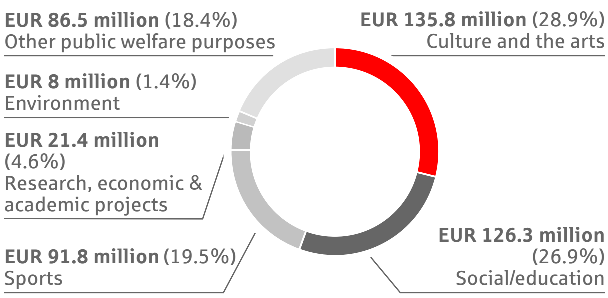
In 2015, the Savings Banks Finance Group provided support in the amount of around EUR 136 million (2014: EUR 145 million) for the arts and culture, once again making it the largest non-governmental sponsor of the arts in Germany. Its commitment encompasses projects that are not only important for the region, but are also of national and international significance.

Social commitment

Through numerous projects, the Savings Banks have demonstrated their commitment to children, young people and senior citizens. They focus their sponsorship contributions on all citizens and provide support, for example, for citizens' advice centres, community centres and integration projects for immigrants. In 2015, social engagement accounted for the Group's second-largest sponsorship area, with a total of EUR 126 million (previous year: EUR 122 million) in contributions.

Social responsibility of the Savings Banks Finance Group in 2015

Total funding granted: EUR 470 million



As at 31 December 2015.

Sporting activities

The Savings Banks Finance Group supports a large variety of sporting activities. The majority of contributions are aimed at supportorting the vast network of sports clubs in all regions throughout Germany. In addition, we support high-performance and up-and-coming athletes as well as sport for disabled persons. Furthermore, we are partners to the German Olympic and Paralympic teams and to specialised sports schools. In 2015, we supported sports clubs and their members with a total amount of EUR 91.8 million (2014: EUR 90.7 million). 32 of the Savings Banks Finance Group's charitable foundations exclusively – or almost exclusively – support sports clubs.

The environment

Savings Banks also assume responsibility for the environment. They are involved – in a variety of ways – in environmental and climate protection within their business regions. Furthermore, a large number of local environmental organisations are able to rely on the support of the Savings Banks. The range of supported projects also includes selected ecological projects in schools. In 2015, the funds provided here totalled around EUR 8 million (previous year: EUR 9.7 million).

Education

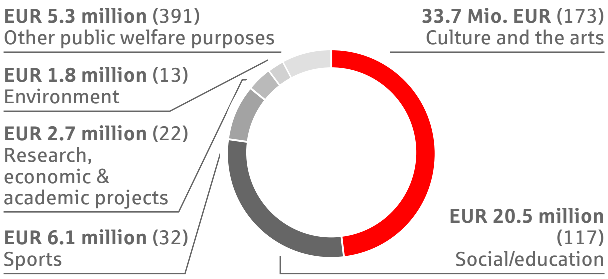
Funding for education and integration is a key element of the Savings Banks Finance Group's commitment to sustainable social development. In 2015, the Group contributed EUR 21 million (previous year: EUR 25 million) to science and research projects, as well as to business promotion initiatives.

Throughout Germany, Savings Banks are involved in helping every section of the population to profit from community life and ensuring that people can progress in their surroundings. They invest in financial education from an early age and, for example, offer classroom materials on economic and financial topics through the "Sparkassen-SchulService" (Savings Banks Schools Service).

In the area of financial education outside of the classroom, the Savings Banks Finance Group supports all consumers with information designed to enhance financial competence and prevent debt – free of charge – through its "Money and Household" advisory service. The brochures and online budget planning tools were used approximately 1.2 million times in 2015, and 1,000 presentations covering financial and consumer-related topics were held.

Support provided by the Saving Banks Finance Group in 2015

Disbursements in EUR million (total: EUR 70.1 million) (total number of foundations: 748)



As at 31 December 2015.

Charitable foundations

The charitable foundations of the Savings Banks Finance Group carry out sponsorship and donation management operated by the Savings Banks, Landesbanken and other institutions of the Savings Banks Finance Group in a sustainable manner. In 2015, there were 748 foundations (previous year: 738).

The charitable foundations of the Savings Banks Finance Group cooperate on regional development, and support local civil involvement. They held aggregate capital of approx. EUR 2.4 billion at the end of 2015; their total capital thus doubled over the last ten years. During the year under review, funds distributed by the foundations amounted to EUR 70 million (previous year: EUR 77.4 million).

The Savings Banks Finance Group provides information on its social commitment, which is constantly updated, at:
↘ **dsgv.de/en/social_commitment**

Please refer to our "Report to Society" for details on how the Savings Banks Finance Group responds to social issues through specific projects:
↘ **dsgv.de/en/report_society**

Risk report

As in previous years, overall bank management played an important role for the institutions in the Savings Bank Finance Group throughout the 2015 financial year – reaching beyond purely economic targets. In particular, the ever-tightening regulatory framework needed to be brought into line with the challenges arising from low and negative interest rates.

Market situation and regulatory environment

The institutions of the Savings Banks Finance Group managed these conflicting objectives well – despite the fact that the financial markets crisis and the European debt crisis continue to affect the business environment, and the persistent low interest rate environment driven by the European Central Bank, with negative market rates in some cases.

Regulatory environment

2015 was characterised by numerous regulatory initiatives designed to complete Banking Union – comprising the Single Supervisory Mechanism (SSM), the Single Resolution Mechanism (SRM), deposit protection (EinSiG), as well as the Single Rule Book. Looking at banks' risk management and reporting, the numerous standards issued by the European Banking Authority (EBA) were especially relevant. These standards set out the details specifying the requirements of the Capital Requirements Regulation (CRR).

The process has yet to be completed. In addition, the Basel Committee on Banking Supervision has now submitted documents reforming the aggregate amount of risk (i. e. the denominator of the equity formula pursuant to Article 92 of the CRR). Once the Basel Committee documents have been finalised, the EU will amend the CRR accordingly.

Faced with the rising number of regulatory requirements, the Savings Banks Finance Group has intensified and centralised its implementation support. Sparkassen Rating und Risikosysteme GmbH ("S-Rating"), a wholly-owned subsidiary of the German Savings Banks Association, supports Savings Banks in regulatory-driven bank management tasks. As a result, 'plug-and-play' IT support resources for regulatory issues are set to be made available to institutions even faster in the future.

Risk management by the member institutions of the Savings Banks Finance Group

Identifying, controlling and managing general banking risks belong to the core duties of any bank. The key risks banks are exposed to include:

- Counterparty credit risks;
- market price risks;
- liquidity risks; and
- operational risks.

The institutions of the Savings Banks Finance Group manage the earnings and risk classes that arise within the scope of their business operations in a professional and forward-looking manner. Changes in the market environment as well as new regulatory requirements necessitate the ongoing development of risk management methods, models, and instruments.

DSGV, S-Rating and regional Savings Banks associations develop and maintain the tools and methods employed, in close cooperation with the member institutions themselves. This produces numerous advantages, including:

- creating uniform, practice-oriented standards at Savings Banks Finance Group level;
- establishing a broad database by pooling national data on the basis of these standards;
- providing relief to the individual institutions and avoiding duplication; and
- bundling all of the expertise of the Savings Banks Finance Group.

Whilst uniform procedures are developed across the entire Savings Bank Finance Group, decision-making in relation to specific transactions and the associated risks – such as for customer product design or own-account investment policies – remains with each individual institution. This also applies to determining individual risk profiles at overall bank level.

Categories of general banking risks

Counterparty credit risk	– Losses incurred owing to the unexpected default – or deterioration in the credit quality – of business partners, involving in particular: credit risks, issuer and counterparty risks, as well as settlement and replacement risks.
Market price risk	– Losses incurred due to unexpected changes in market parameters such as interest rates, foreign exchange rates and equity prices, real estate prices and commodity prices.
Liquidity risks	– Risk of being unable to pay: liquidity to hand is insufficient to meet payment obligations; – structural liquidity risks, or risks associated with funding costs.
Operational risks	– Losses incurred owing to inadequate (or failure of) internal process flows, internal infrastructure or external events, or human error.
Other risks	– Reputational risks (for example): loss in value because of damage to the bank's reputation.

Institutions make use of jointly-developed procedures for measuring risks, aggregating them to determine the risk-bearing ability, portfolio management and capital allocation in order to optimise the risk/return ratio. Given the large number of individual decisions, the Savings Banks Finance Group remains very well diversified.

Risk-management procedures are constantly being developed within the Savings Bank Finance Group.

Safeguarding the ability to bear risk

The member institutions of the Savings Banks Finance Group have deployed various procedures and IT tools in their risk management systems. These concepts and tools measure capital and assets on the one hand, and identify risks on the other hand. The values quantified are set against each other within the framework of risk-bearing capacity concepts. For this purpose, the institutions rely on a centrally-developed framework concept that brings together the various procedures and methods, and places them in the context of risk limits, on an overall bank level and for the various types of risk.

As a rule, Savings Banks pursue a 'going-concern' approach, whereas Landesbanken – given their capital markets focus – usually adopt a 'gone-concern' approach. The objective of management methods embedded in the risk-bearing capacity concepts is to safeguard each institution's long-term continued existence – hence ensuring investor protection.

IT support is provided through the S-KARISMA/S-RTF software package jointly developed within the Group – including the bundling of risk management data, scenario calculations, as well as for new regulatory reporting systems on risk-bearing capacity, pursuant to the German Financial and Internal Capital Adequacy Information Regulation (Finanz- und Risikotragfähigkeitsinformationenverordnung – "FinaRisikoV"). The software encompasses the Savings Banks Finance Group's concepts for capital allocation, risk-bearing capacity and capital planning. It incorporates institutions' specific risk values – and hence their requirements in terms of net assets and capital – as determined on the basis of the business structure of each Savings Bank.

To ensure that risks are backed by capital at all times, the software determines capital levels and compares them to risk exposures, in accordance with the definitions of pillar 1 (Basel III) and pillar 2 (MaRisk) . Each institution's aggregate risk exposure – and the exposure to the underlying individual types of risk – is restricted through a limit system that allows for a timely response if needed.

The member institutions of the Savings Banks Finance Group conduct a capital planning process, in order to be able to recognise future developments of capital ratios and the available scope. This permits the taking of any measures that may be required concerning capitalisation or results at an early stage. The common S-KARISMA/S-RTF application suite also provides support in this regard, given that this process needs to be closely aligned with risk-bearing capacity and the planning of results.

Based on planned results and their retention, Savings Banks and Landesbanken will be able to enhance their aggregate potential risk cover over the next few years. This will enable them to continuously grow their lending business (which would raise minimum capital requirements), in spite of rising levels of capital requirements due to the introduction of the capital conservation buffer.

Member institutions will thus benefit from sufficient free potential risk cover over the coming years, even if their current risk profile were to remain unchanged.

Safeguarding solvency

At the 2015 year-end, the Savings Banks' traditionally solid capitalisation remained high. Savings Banks's tier 1 ratio stood at 14.7% at the end of the year; the total capital ratio was 16.7%.

On average, Savings Banks thus exceed the Basel III capital requirements of 6% tier 1 capital and 8% total capital, which have been in effect since 1 January 2014. This also applies when incorporating the capital conservation buffer, which will be gradually introduced between 2016 and 2019, bringing the minimum levels to 8.5% tier 1 capital and 10.5 total capital.

At the end of 2015, Landesbanken (including DekaBank) had an average tier 1 ratio of 15.6%, and an average total capital ratio of 19.4%. Details are provided on a single-entity level.

Managing individual types of risk

Stricter regulatory requirements concerning the quantity and quality of the reports required for risk management and risk control purposes necessitate the specification of principles for data management, data quality, and the aggregation of risk data. Together with Finanz Informatik, S-Rating ensures that the common data inventory of the Savings Banks Finance Group satisfies regulatory and commercial requirements.

Managing risks and returns constantly requires seeking a balance between the economic market environment, the regulatory framework, and changing customer expectations. Hence, in the current interest rate environment, Savings Banks focus especially on this management balance. Particular attention is given to managing counterparty credit risk, due to the significant influence this type of risk exerts on institutions' risk-bearing capacity, and the stability of their results. This is why extensive risk-measurement procedures are in place to secure the lending power of Savings Banks and Landesbanken for the long term.

Risk classification tools

For the corporate banking sector: Savings Banks standard rating	– The Savings Banks' standard rating is used for all of the Savings Banks' commercial customers. The assessment of credit quality follows a modular approach: in a first step, a check is carried out as to which information concerning a specific enterprise is available to a Savings Bank/Landesbank, and may be incorporated into determining the rating grade. Such information can be divided into five categories: analysis of the financial statements (or of a cash flow-based P&L) (category 1); qualitative rating, i. e. checking the quality of the business, the entrepreneur, and/or company management (category 2); any existing business relationships with the customer (including account maintenance patterns, for example – category 3); potential downgrades due to warning signals of a forthcoming company crisis (category 4), as well as taking into consideration third parties having an effect on the rating (groups with joint liability) with an existing parent company/subsidiary relationship (category 5). – A Strength/Potential Profile (SPP) can be automatically generated from the customer rating that has been released. This can be used to communicate the rating to the customer. – The institutions can use a largely automated procedure (the 'KundenKompaktRating') based on account data for the continuous credit quality assessment of customers with a low exposure.
For commercial real estate investment: the Savings Banks' real estate business rating	– The Savings Banks' real estate business rating is used to assess the credit quality of real estate business customers. In order to assess credit quality, quantitative indicators such as balance sheets, as well as qualitative parameters, such as expected business development, are used. As the major driver of risk, properties to be financed (or already financed) are valued using real estate-specific information and indicators. In this context, the focus is on reviewing the probability that the loans will be repaid from the property's rental income in the years ahead. – In order to ensure as realistic a mapping as possible, all information available is weighted accordingly and compiled into a rating grade for the customers.
For private customer business: Savings Banks standard rating	– The Savings Banks' customer scoring for retail banking is the risk classification procedure for retail banking. It allows the customer relationship manager to objectively assess a new customer's creditworthiness, using as much relevant information as possible that is available to him. – These tools also provide the institutions with a facility for the automated portfolio monitoring of their retail banking exposure, in order to identify risks in good time.
Investments in renewables: the project financing rating	– The project financing rating is a tailor-made procedure for financing solutions for renewables (wind, photovoltaic, biogas, biomass). Loan commitments for such projects are based primarily on the cash flows generated from operating the facilities. Accordingly, the project performance – and not the investor's (also known as the sponsor) financial situation – is the core element of the risk. – Given that the the project SPV needs to be mapped in its entirety, qualitative factors – such as the expertise of project participants, information on the project environment and the contractual terms – are included in the valuation process.

Managing counterparty credit risk

S-Rating develops the necessary procedures for efficient credit risk measurement, in line with Savings Banks' requirements, jointly with representatives from regional associations, Savings Banks, Landesbanken, Landesbausparkassen, and Finanz Informatik – using data compiled by the Savings Banks Finance Group. Accordingly, such procedures are also used throughout the Group for managing default risks.

The centralised maintenance and development by S-Rating ensures the high quality and consistency of the procedures employed, thereby safeguarding the procedure whereby data sourced from Savings Banks and Landesbanken (data pooling) is used in line with data protection rules, as well as the annual quantitative and qualitative validation and the regulatory examination on a regular basis. The procedures used to classify risk, which are listed in the table on page 57, relate to corporate lending, real estate and retail business.

Savings Banks Finance Group entities also have tools at their disposal to assess credit quality for the purpose of calculating fair values of credit spreads (risk spreads), as well as for measuring the risk exposure (value at risk) of their overall credit portfolio. The calculated 'fair' credit spread is also used for risk transfers amongst Group entities, or for the purpose of credit pooling.

The Savings Banks Finance Group constantly strives to enhance efficiency in managing counterparty credit risk, in order to obtain more precise projections. After all, offering customers fair terms requires maintaining a balance between precise risk assessment and the effective deployment of financial resources.

Approximately 520,000 business, commercial and corporate customers were rated in credit quality classes during the course of 2015. Some of these ratings were conducted or updated several times. The Savings Banks Finance Group data pool currently contains approximately ten million commercial customer ratings. This database offers a high degree of reliability to the rating assessments, and at the same time, qualified advice to be given to customers.

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

- a very broad database;
- a high degree of procedural precision;
- an exact and fair breakdown of our customers according to their credit quality;
- stable default rates;
- early and objective risk identification; and
- centralised regulatory approval of the tools to determine capital requirements in accordance with the Internal Ratings-Based Approach.

All rating and scoring procedures have been approved by regulators, and are regularly audited by banking supervisory authorities.

Models and methods used in Savings Banks' counterparty credit management take into account the diversity with regard to the size of individual institutions. They also consider the type, scope and complexity of the respective portfolio exposed to counterparty credit risk. This permits an ideal counterparty credit risk management approach, involving five stages.

As part of the implementation, Savings Banks:

- realise synergy effects through efficient use of risk measurement tools, integrating them into their overall bank management;
- optimise the utilisation of equity, by flexibly increasing or reducing counterparty credit risk exposure;
- enhance their scope for distribution by clearly defining responsibilities between sales, back office, and portfolio management;
- exploit opportunities for growth in their lending business (including newly-originated loans) through the targeted reduction of concentration risks, and the consistent use of risk management tools;
- this helps Savings Banks to more easily come up with competitive terms, thanks to an enhanced risk structure in their credit portfolio.

Efficient management of their credit portfolio enables Savings Banks to continue growing their lending business in a sustainable manner – without exposing themselves to excessive risks.

As in the previous years, the portfolios of the Savings Banks Finance Group were well-positioned during 2015: 45 per cent of all Savings Banks and Landesbanken corporate clients were classified as so-called investment grade (better than BBB-), and therefore have a good credit standing. This figure remained at a high level, unchanged from the previous year.

Managing counterparty credit risk at a portfolio level
German Savings Banks posted yet another 3.4% increase in lending (customer lending excluding loans and advances to banks) during the 2015 financial year: In order to sustainably retain their capacity to lend whilst remaining competitive, Savings Banks comprehensively record their risk exposure associated with lending; in this context, the eCRM (efficient credit risk management) concept allows them to manage their risks in an even more targeted manner. Active and efficient credit portfolio management – that is to say, the targeted optimisation of risks in (and returns on) their credit portfolio – provides them with a competitive edge that also serves to enhance efficiency and boost results. Especially when analysed after risk costs, the credit market – and customer lending – is more profitable than the capital market business.

Diversifying counterparty credit risk: syndicated lending
Savings Banks have used traditional syndicated lending for many years. This goes beyond sharing loans (or risk exposures) with the respective Landesbank and partner institutions within the Savings Banks Finance Group: increasingly, larger-sized customer loans are syndicated by several Savings Banks. The structure of this cooperation ranges from direct lending to loan participations or pure risk transfers. Likewise, many Savings Banks have been using promissory note loans (Schuldscheindarlehen) to build targeted exposure to corporate lending. All these tools can be used to build exposure, as well as to hedge credit risk exposure.

Tools for managing default risks

Savings Banks risk-adjusted pricing	– The risk-adjusted pricing (RAP) procedure allows financial institutions to determine rating premiums on the basis of individual credit exposures and pledged collateral. This prevents low and high risks from being treated equally. The rating premiums are included with the determination of fair credit terms, and serve to cover expected losses incurred in the lending business.
Savings Banks credit portfolio view	– Credit Portfolio View (CPV) offers the Savings Banks and the Landesbanken a cash flow-based determination, measurement and current representation of counterparty risks in a loan portfolio. This is based on the P&L (periodic) and/or on the cash flow (value-oriented). The analysis takes into consideration changes in credit quality and loan defaults, as well as industry-specific and macroeconomic scenarios.
Savings Banks loss database	– The loss database is used to determine liquidation and recovery rates from previously defaulted customers. This data is used to calculate the risk costs for future transactions, making historical loss data from lending transparent and using it for the management of the entire bank. Loss ratios are also calculated, comprehensive reports prepared and parameters set e.g. to meet the hard tests report from the Savings Banks Finance Group's pooled loss data.

What is decisive is that the Savings Bank extending the loan will retain responsibility for the customer relationship. It will have financing partners at its disposal. The Savings Bank's scope for originating loans is thus enhanced through the relief provided in terms of liquidity and capital. The systematic cooperation with other Savings Banks, Landesbanken and Group partners creates new opportunities, especially for supporting the growth of large SMEs.

Diversifying counterparty credit risk: Savings Banks credit baskets

For the last eleven years, Savings Banks Credit Baskets have been available as an additional, efficient tool for hedging against credit risks, and for managing concentration risks. In contrast to syndicated lending, Credit Baskets provide an opportunity for a synthetic hedge of credit risks. Similar in structure to a mutual insurance society, participating Savings Banks contribute their hedging needs related to entire lending relationships with larger customers into a basket; at the same time, they invest in the diversified portfolio created in this manner.

By now, more than one-third of all Savings Banks have participated in at least one Savings Banks Credit Basket, mutually covering more than EUR 3.4 billion. In a similar fashion to the SME Loan Fund, the Savings Bank extending the loan will retain responsibility for the customer relationship. But thanks to its ability to precisely manage risk exposure in the lending business, the Savings Bank will enhance its scope for lending to new and existing clients.

Managing market price risks

The starting point for market price risk management is the recognition of the assets invested in this segment. The sum of all these assets is subject to market price fluctuation that can increase (but also decrease) the value of the assets held. The members of the Savings Banks Finance Group are supported by DSGV, S-Rating and the regional associations in relation to the methodology used to quantify market risks and optimise assets, as well as with regard to the technical implementation when handling these risks.

Interest rate risk is a key market price risk. In the Savings Banks Finance Group, interest rate risks are represented using the value-at-risk (VaR) concept, based on a state-of-the-art historical simulation method and – at the same time – compared with expected performance. The institutions have tools to manage these parameters, with which they can generate specific management measures whilst taking the risk-bearing capacity and internal limits into account. Continuous use of these methods also broadens the institutions' basis for decision-making, and makes it easier to derive effective measures for managing interest rate risk.

The management of interest rate risks remains crucial for the Savings Banks Finance Group in the prevailing low interest rate environment, because

- the capital invested in the interest-related business accounts for a substantial share of total capital allocation;
- intense competition and the European Central Bank's low interest rate policy only provide for low margins;
- member institutions must be equipped to deal with a potential interest rate hike;
- new funding structures call for a separation between the funding function and the management of interest rate risks;
- when issuing debt securities, the link between credit spreads and interest rate risks is stronger than before; and
- supervisory authorities monitor interest rate risk exposure via standardised parameters, and plan to introduce capital backing requirements for interest rate risk.

The potential created by the management of interest rate risks has been utilised throughout the Group for many years. Almost all Savings Banks have the necessary methods, and the technology required to apply them. More than two-thirds of all Savings Banks regularly use this platform to report their interest rate risk exposure to DSGV, and exchange comparative data amongst each other.

Analyses of the interest rate risk exposure of Savings Banks demonstrate that the measures for managing interest rate risks arising from such exposure in 2015 were taken consciously, against the background of the prevailing market environment. As in the previous years, Savings Banks generated stable contributions to net interest income during 2015. 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 the fixed-income investments across the entire Group.

The ECB's persistent low interest rate policy has created new challenges for all institutions: as with all other banks, Savings Banks find it increasingly difficult to generate stable income with an appropriate risk budget. In the deposit-taking business, the persistently low interest rate levels have been compressing margins significantly – likewise, the attractiveness of secure own-account investments is being eroded.

Managing liquidity risks

Liquidity risk is driven by the risk of being unable to pay, and by funding risk (which has an impact on income). Being derived directly from the concept of liquidity, the risk of being unable to pay is defined as liquidity risk in the narrower sense – it denotes the risk that the institution becomes insolvent and is no longer able to meet current and future payment obligations in full, or in good time, within a defined period of time. Funding risk has an impact on income in the event of a liquidity shortage, which the institution can only refinance at higher market rates.

Liquidity risk is influenced by market liquidity risk, which may affect products and markets; it is defined as the risk that, due to market disruptions or insufficient market depth, financial instruments cannot be traded on the financial markets at a certain point of time, and/or cannot be traded at fair market prices. Hence, the focus in this context is on the selling price of securities, and on the funding capacity available on the market.

The national regulatory framework for managing liquidity risks continues to be defined by section 11 of the German Banking Act (KWG), the Liquidity Ordinance (LiqV) and sections BTR 3.1 and BTR 3.2 of the MaRisk. Savings Banks more than comply with the current quantitative requirements pursuant to the LiqV; this reflects the fact that Savings Banks have – almost without exception – excess liquidity due to stable customer deposits.

Hence, institutions and associations within the Savings Banks Finance Group are focusing on the permanent improvement of qualitative liquidity management aspects. The technical platform is provided through "sDIS OSPlus", an application used throughout the Group, and a management concept harmonised with this software. Thanks to the availability of granular data, Savings Banks are in a position to analyse liquidity outflows to any level of detail they require. Centrally-developed indicators such as the 'survival period' facilitate comparisons, as well as the interpretation of data at senior management level.

Throughout 2015, the focus was on further refining the management tools for offsetting direct liquidity costs and benefits, as defined by section BTR 3.1 no. 5 of the MaRisk. Once the work has been completed, the Savings Banks should be in a position to consistently assign and quantify the liquidity contributions incurred by the banking transactions. Information generated in this manner will be made available to Controlling, where it will be used to manage liquidity maturity mismatches in a pragmatic manner. The core aspect in this context is to improve the mapping and limitation of funding risk in the risk-bearing capacity.

An additional focal area was the implementation of the Liquidity Coverage Ratio (LCR) into the reporting system, pursuant to the relevant EU Delegated Regulation, and the integration of the LCR into institutions' commercial management. At present, the Group is working on enhancements to LCR simulation and planning within the scope of operative management.

Operational Risk Management

The sustainable business policy adopted by the members of the Savings Banks Finance Group means an obligation to regularly assess potential risks, and to take professional measures preventing such risks, in order to safeguard existing values for the future.

Operational risks abound, yet are often easily overlooked. Losses incurred owing to inadequacy or failure of internal process flows, human error, internal infrastructure or external events may in fact threaten an institution's very existence.

Savings Banks generally employ the basic indicator approach for determining regulatory capital backing for operational risks. They use a database of loss events, a risk map and/or a risk inventory for the commercial management of operational risk exposure. Loss events that have occurred are systematically recognised and evaluated in the database of loss events. The risk inventory and the risk map provide an overview of potential operational risks, as well as the potential those risks hold for generating losses. From the risk inventory and the risk map, risk prevention measures can also be derived.

Savings Banks contribute their data into a nationwide pool, which also provides them with access to loss data and risk scenarios. The mutual exchange of such information helps avoid damages and also to contain operational risks. Thanks to the homogeneous business model of all Savings Banks, the pool data collected is deemed representative;

The procedures provided – a database of loss events, a risk inventory and risk map – support institutions' MaRisk compliance.

Provision of funds to protect institutions

Sequence of actions to support a Savings Bank

Liquid funds from the regional fund concerned

↓

Subsequent capital contributions from the regional fund concerned

↓

Liquid funds from the other regional funds (supra-regional compensation)

↓

Subsequent capital contributions from the other regional funds (supra-regional compensation)

↓

Funds from the Landesbanken and Landesbausparkassen (Institution Protection Scheme)

Sequence of actions to support a Landesbank

Liquid funds from the Landesbanken Guarantee Fund

↓

Obligation of the Landesbanken Guarantee Fund

↓

Liquid funds from the Institution Protection Scheme (Savings Banks and Landesbausparkassen)

↓

Obligation of the Institution Protection Scheme (Savings Banks and Landesbausparkassen)

The same sequence of actions is adopted to support a Landesbausparkasse.

Protecting member institutions through the Savings Banks Finance Group's Institution Protection Scheme

The Institution Protection Scheme of the Savings Banks Finance Group protects all customer deposits of the 413* independent Savings Banks, the Landesbanken, DekaBank, the Landesbausparkassen and S Broker.

The Institution Protection Scheme of the Savings Banks Finance Group has been established as an institutional guarantee scheme, with the most important objective being to provide overall protection to member institutions, and to avert or remedy any imminent or existing financial difficulties. This is designed to prevent having to actually compensate any investors, and to protect customer relationships in a comprehensive manner. In this way, contractual obligations vis-à-vis customers can be honoured at any time. Moreover, the Savings Banks Finance Group's Institution Protection Scheme is officially recognised as such, pursuant to the German Deposit Guarantee Act (Einlagensicherungsgesetz, "EinSiG"). Under a statutory deposit guarantee scheme, customers have a legal claim on the reimbursement of their deposits up to EUR 100,000.

The Savings Banks Finance Group's Institution Protection Scheme encompasses 13 individual guarantee schemes: eleven regional savings bank guarantee funds, the guarantee fund of the Landesbanken and Girozentralen (Central Savings Banks) as well as the guarantee fund of the Landesbausparkassen.

The Institution Protection Scheme has proven its worth as a guarantee system for the Savings Banks Finance Group over the course of four decades. Since its inception in 1973, no customer has ever lost a deposit or interest. Depositors have never had to be indemnified. No member institution has ever defaulted on its financial obligations, or has fallen into bankruptcy.

The financial markets recognise the mitigating effects of the Institution Protection Scheme. Three international rating agencies – Moody's Investors Service, Fitch Ratings and DBRS – explicitly stated the Institution Protection Scheme as one of the reasons behind their decision to award very good ratings to the Savings Banks, the Landesbanken and Landesbausparkassen.

Risk monitoring for the Savings Banks Finance Group's Institution Protection Scheme

The guarantee schemes feature an early warning system for the identification of potential risks, in order to allow the initiation of counter-measures in good time. This risk monitoring is based on qualitative and quantitative parameters.

In addition to standardised key ratios, qualitative reports are also integrated into an institution's assessment. On the basis of this information, the member institutions are classified according to one of the four monitoring grades.

The guarantee schemes carry out risk monitoring in accordance with standardised principles. Monitoring committees monitor the risk situation of their member institutions, request supplementary information from them (if necessary), and take countermeasures (if required).

The individual guarantee schemes report regularly to a central transparency committee at the German Savings Banks Association. It monitors the overall risk situation of the Institution Protection Scheme, and ensures transparency within the guarantee system.

*As at 31 December 2015; as at 1 June 2016: 409 Savings Banks.

Scope for action by guarantee schemes

The guarantee schemes have rights of information and of response that are rooted in the statutes.

Aside from general rights, such as the right to conduct an audit at all the institutions, at any time, there are additional information and intervention rights that depend on the outcome of the risk monitoring.

Institutions without any special risk exposure are obliged to provide all the information necessary for risk monitoring and, within the scope of due diligence obligations, have to report any extraordinary occurrences. If the risk situation deteriorates, the Institution Protection Scheme determines counter measures accordingly. Institutions with a particular risk exposure are required by the guarantee schemes to present a restructuring concept and to initiate appropriate measures with respect to operations, or staff.

If a member institution requires support, the guarantee schemes of the Institution Protection Scheme have an extensive catalogue of measures at their disposal. As a rule, support is linked to a restructuring agreement with conditions, e.g. repayment of the benefits is then made as soon as there is an improvement in the economic situation of the institution that received the support. A merger with another institution is also an option. The decision-making bodies are granted a large degree of flexibility to be prepared for the special features of each individual default case.

The individual guarantee schemes within the Deposit Guarantee Scheme are interlinked.

Eleven regional Savings Bank guarantee funds are maintained by the regional Savings Banks associations, with a cross-regional equalisation in place among them. This mechanism kicks in whenever expenses required to support a troubled institution exceed the resources of the region's guarantee fund. In this way, all eleven regional savings bank guarantee funds are connected with each other, meaning that, whenever required, the resources of all funds are available.

Separate guarantee funds are maintained for Landesbanken and Central Savings Banks, as well as for regional building societies:

- → the guarantee fund of the Landesbanken and Girozentralen (Central Savings Banks); as well as
- → the guarantee fund of the Landesbausparkassen.

When called upon, all guarantee schemes support each other within the framework of the system-wide equalisation mechanism:

- → all Savings Bank guarantee funds;
- → the guarantee fund of the Landesbanken and Girozentralen (Central Savings Banks); as well as
- → the guarantee fund of the Landesbausparkassen.

This mechanism kicks in whenever expenses required to support a troubled institution exceed the resources of the guarantee fund affected. In the event of crisis, this system-wide mechanism ensures that the aggregate resources of all guarantee schemes are available to protect a troubled institution.

Therefore, the Institution Protection Scheme has the necessary resources and capabilities in order to identify, early on, the financial problems of its member institutions and find solutions for them. The objective of every support measure is to restore the sustainable competitiveness of the member institution concerned.

Risk-based contribution assessment for the Savings Banks Finance Group's Institution Protection Scheme
The contributions to the Institution Protection Scheme of the Savings Banks Finance Group also take the individual risk-bearing capacity of an institution into account, as well as the size or business volume – each member institution's contribution is assessed in accordance with regulatory requirements, increasing in line with the institution's scope of business and regulatory risk parameters. This provides incentives for risk-conscious behaviour – hence protecting the solidity of member institutions.

Legal requirements provide for building up the Institution Protection Scheme's financial resources between now and 2024, whereby the statutory minimum funds amount to 0.8 per cent of covered deposits of the Institution Protection Scheme's member institutions. Given that a significant part of the required resources is already being contributed from existing asset pools, the Savings Banks Finance Group's Institution Protection Scheme already has sound financial resources at its disposal today.

Report on expected developments

Economic environment in 2016

The growth rates projected for Germany and the euro area in the previous year's Financial Report ("1 to 1.5%", and "around 1.5%", respectively) were generally accurate. The actual growth rate turned out to be slightly stronger than expected.

The outlook for 2016 is characterised mainly by uncertainties regarding the global economy. Particularly the situation in China and the development of other emerging markets are hard to predict. However, it can be assumed that the shift from foreign trade to the domestic economy will continue to be the driving momentum for the German economy.

The development of the European Union is also subject to a number of uncertainties, including political issues, such as the "Brexit" referendum, the debate on tighter border controls within the European Union, as well as the institutional development of the EU. The reform process in Greece and the sustainability of the Greek government budget remain uncertain. Moreover, the growth momentum of the Italian economy still appears weak. Nevertheless, the euro area as a whole seems to be continuing its recovery story. The European Union may reach a growth rate of 1.5%, as in the previous year while Germany might achieve slightly more than that. Based on the robustness of domestic demand, Germany is – to a certain extent – immune to outside risks. Private consumption receives further support from the solid labour market as well as from moderately increasing wages and slow price increases. Government spending is likely to grow further, partly due to the public expenses made available for refugees. Given its overall positive environment and continuously increasing tax revenues, Germany has a good chance of achieving balanced public budgets, going forward.

Investments in machinery and infrastructure might stimulate the economy – being the crucial difference between good and very good economic development in 2016. We believe that there are indications of a moderate revival in equipment and building investments – a good sign given the current investment backlog.

Price developments still depend on the volatile cost of oil, with the drop observed at the beginning of 2016 providing an early negative input. An oil price recovery during the course of the year could however lead to a turnaround of the overall pricing development, which could then depart from the present sideways movement. Given such a scenario, monetary policy would then almost certainly refrain from any expansive action in addition to the measures resolved in March 2016.

The current low – or even negative – interest rate environment deliberately established in Europe poses an increasing risk, the longer it prevails. The danger of misallocations and speculative bubbles is still rising. However, given the moderately good growth, wage and labour market projections, the overall economic environment should provide a stable business framework for Savings Bank Finance Group institutions. Their interest rate margins are continuously under pressure, given the prevailing low interest rate environment.

Savings Banks' business development

The Savings Banks reported very good new lending business with enterprises and the self-employed during the first quarter of 2016, as well as with private individuals: new business volume was on par with the record level of the previous year. Savings Banks will thus continue to make a significant contribution to the financing of German small and medium-sized enterprises – the Mittelstand – in Germany throughout 2016, and will provide considerable support to private individuals in their housing construction projects.

The previous year's performance in the deposit-taking business remained intact in the first quarter of 2016, driven by the interest rate environment: current account balances have gained importance and the structural share of savings deposits has remained unchanged. In contrast, term deposits and own issues continued to lose ground. Overall, we expect deposits to remain largely stable during 2016. Turnover in customer securities trading in the first quarter of 2016 was below that of the previous year, and about in line with 2014.

Against the background of current interest rate and economic developments, net interest income for 2016 is expected to be noticeably lower, whilst net commission income is forecast to rise slightly. At the same time, net staff and other administrative expenses are expected to increase marginally: taken together, these trends will lead to lower operating profit for the Savings Banks compared to 2015.

Business development of the Landesbanken

The challenges experienced in recent years, which had a major impact on the market environment (in particular the extremely low interest rate environment, as well as stricter regulatory requirements) have burdened margins, and will thus have an impact on the business development of the Landesbanken in 2016.

Despite the challenging environment, the Landesbanken were able to increase their core capital ratios significantly in 2015, and to pursue the reduction of risk exposures.

However, the reduction of portfolios no longer in line with the business strategy is not yet fully reflected in the balance sheets. Accordingly, the implementation of cost saving measures will remain one of the top priorities throughout the 2016 financial year. The business environment, and thus the business development of the Landesbanken, remains difficult, given the considerable uncertainty on the financial markets and the still-unresolved debt crisis in Europe. Therefore, a cautious risk policy, with sustained positive effects on loan loss provisions, will be indispensable for the Landesbanken.

The result projections were moderately outperformed, compared with the previous year, partly due to non-recurring effects. Overall, the Landesbanken were able to improve on their results of the previous year in the main market segments of corporate and private banking, thereby enhancing their position in a highly competitive market. Re-dimensioning of non-customer-driven business will remain an important aspect of business development, in order to adequately reflect all identifiable risks of the credit business as well as any legal risks.

The macroeconomic and industry-specific environment, particularly the rigid market interest rates, increased investments into IT systems and a powerful multi-channel platform (an important requirement in light of the unbroken digitalisation trend), are the most prominent input factors for our profitability and business development during 2016. Therefore, some of the Landesbanken are expecting declining results compared with the previous year.

Business development of the Landesbausparkassen

The targeted saving of capital for one's own property will remain indispensable for sound housing finance in the future. Home loan savings are ideal for this purpose, especially in the current interest rate environment, as customers "buy" a secure rate for the subsequent financing with these products. The eligibility conditions for home loan savings remain stable. The state rewards the long-term saving process (within certain income limits) via the employee savings bonus and the home-ownership savings bonus; the promotion of pension provisions using the "Housing Riester" scheme provides additional impetus to the home loan savings segment. The German Law on Building and Loan Associations (Bausparkassengesetz), amended at year-end 2015, introduced better conditions for the extension of loans. For the year 2016, it is therefore fair to expect new business volumes to remain stable.

Report on Material Events After the Reporting Date

There have been no material events subsequent to the balance sheet date of 31 December 2015.

Our results

2,158

EUR billion
total assets

152.9

EUR billion
equity

12.2

EUR billion
operating profit
after valuation

Our contribution

16.7

EUR billion
personnel expenses

3.7

EUR billion
taxes to the
public sector

136

EUR million – largest
non-governmental
sponsor of the arts

Aggregated financial statements

Aggregated income statement of the Savings Banks Finance Group*

	2015[1] EUR mn	2014 EUR mn
Net interest income	**32,349**	32,639
Interest income	**61,036**	66,739
Interest expenses	**28,687**	34,100
Net commission income	**7,759**	7,123
Commission income	**10,597**	9,919
Commission expenses	**2,838**	2,796
Net result from financial operations	**522**	121
Administrative expenses	**27,731**	27,063
Personnel expenses	**16,667**	16,223
Non-personnel expenses	**11,064**	10,840
Net other operating income/expenses	**322**	–720
Operating profit before revaluation results	**13,221**	12,100
Revaluation results (excluding equity investments)	**–1,026**	–1,483
Operating profit after revaluation results	**12,196**	10,618
Net other income and expenses plus extraordinary income and expenses[2]	**–5,591**	–7,040
of which: additions to the fund for general banking risks pursuant to Section 340g HGB[3]	**–4,464**	–5,089
Net income before taxes	**6,605**	3,578
Taxes on income	**3,721**	3,386
Jahresüberschuss nach Steuern	**2,884**	192
of which: net income of Savings Banks after taxes	**1,973**	1,872
of which: net income/loss of Landesbausparkassen after taxes	**868**	–1,731
of which: net income of Landesbausparkassen after taxes	**43**	50
Return on equiy [4]	in %	in %
before taxes	**7.3**	5.8
after taxes	**4.8**	3.5
Cost/income ratio	**69.1**	68.1

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

[1] Preliminary figures from financial statements in accordance with the HGB, some of which are as yet unaudited.

[2] This includes the net balance of profits from the disposal of financial investments and investment securities, write-downs or write-ups on financial investments and investment securities, as well as changes in the fund for general banking risks pursuant to section 340g of the HGB (whereby additions to the fund are included as negative amounts).

[3] In line with the 'original' income statement in accordance with the HGB, additions to the fund for general banking risks pursuant to section 340g of the HGB are recognised as expenses, thereby reducing net income. Until 2010, DSGV's financial reports had adhered to the principles applied in Deutsche Bundesbank's income statement statistics, where such additions pursuant to Sections 340g of HGB are treated as appropriation of profits (increasing net income).

[4] Savings Banks and Landesbanken only.

Source: external analysis of the Savings Banks, annual reports of the Landesbanken (single-entity financial statements in accordance with the HGB), German Savings Banks Association/Federal Main Office of Landesbausparkassen, Deutsche Bundesbank.

Aggregated balance sheet of the Savings Banks Finance Group *

Assets

	As at year-end 2015 EUR mn	As at year-end 2014 EUR mn
Cash reserve [1]	**30,837**	26,036
of which: due from central banks	**22,117**	17,432
Treasury bills [2]	**0**	5
Other bills	**0**	0
Loans and advances to banks (MFIs)	**294,241**	338,108
Loans and advances to non-banks (non-MFIs)	**1,192,957**	1,186,005
Debt securities and other fixed-income securities	**383,735**	413,349
Equities and other non-fixed-income securities	**91,427**	88,702
Participating interests	**14,792**	15,473
Investments in affiliated undertakings	**10,938**	12,147
Trust assets	**10,488**	11,161
Equalisation claims	**0**	0
Tangible fixed assets	**12,596**	12,206
Other assets	**115,681**	148,691
Total assets	**2,157,691**	**2,251,882**

* Savings Banks Finance Group: (1) Savings Banks; (2) Landesbanken – excluding foreign branches, domestic and international subsidiaries, and regional building societies (Landesbausparkassen); (3) Landesbausparkassen: legally independent regional building societies and legally dependent Landesbanken departments.

[1] Cash on hand and balances held with central banks.

[2] Including non-interest-bearing treasury notes and similar public-sector debt.

Passiva

	As at year-end 2015 EUR mn	As at year-end 2014 EUR mn
Liabilities to banks (MFIs)	**408,855**	452,892
Liabilities to non-banks (non-MFIs)	**1,192,943**	1,166,101
Savings deposits	**364,259**	366,294
Other liabilities	**828,685**	799,807
Securitised liabilities	**204,104**	247,959
of which: debt securities issued	**176,586**	240,714
money-market instruments issued	**25,449**	7,243
Trust liabilities	**10,488**	11,161
Write-downs on loans and securities	**2,942**	3,083
Provisions	**25,738**	25,539
Subordinated liabilities	**22,009**	29,518
Profit participation certificates	**2,149**	2,350
Equity[3]	**152,858**	149,344
Other liabilities[4]	**135,604**	163,936
Total equity and liabilities	**2,157,691**	**2,251,882**
Contingent liabilities[5]	**0**	0
Bills for collection	**7**	9
Business volume	**2,157,698**	2,251,891
Guarantees	**61,825**	58,860

[3] Dotation capital and retained earnings (including fund for general banking risks).
[4] Including special tax-allowable reserves.
[5] From rediscounted credited bills (including own bills drawn).

Source: DSGV; balance sheet statistics/business performance of Savings Banks, Landesbanken (excluding regional building societies, foreign branches and domestic and international subsidiaries) and Landesbausparkassen (regional building societies)

Explanatory notes on aggregation

Scope of aggregation

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

The Landesbausparkassen are fully incorporated in the scope of aggregation, regardless of their legal status (legally independent entities or legally dependent units of the Landesbanken).

With regard to the Landesbanken, foreign branches, domestic and international Group subsidiaries or Landesbausparkassen are not taken into consideration.

Aggregation approach

To prepare the aggregate balance sheet for the Savings Banks and Landesbanken, the data reported in December 2014 and 2015 for the monthly balance sheet statistics ("Bista") of Deutsche Bundesbank was used. The corresponding balance sheet data for the Landesbausparkassen was derived from the respective annual reports.

The figures for the Savings Banks' and Landesbanken aggregate income statement for the financial years 2014 and 2015 are based on the results of external analysis of the Savings Banks and the individual financial statements of the Landesbanken, which are prepared in accordance with the German Commercial Code (HGB). The results of the external analysis of the Savings Banks have been adjusted to conform to the HGB system. The figures for the Landesbausparkassen for the two financial years were retrieved from the respective annual reports (also prepared in accordance with the HGB).

The result of this data compilation is a non-consolidated aggregate balance sheet and non-consolidated aggregate income statement of the institutions affiliated to the guarantee system of the Savings Banks Finance Group. The Institution Protection Scheme of the Savings Banks Finance Group also includes other institutions, namely: Berlin-Hyp, Sparkassen Broker, DEG Deutsche Investitions- und Entwicklungsgesellschaft, Frankfurter Bankgesellschaft (Deutschland) AG, Deutsche Hypothekenbank, Portigon AG, and Weberbank.

German Savings Banks Association

The DSGV, the German Savings Banks Association, is the umbrella organisation of the Savings Banks Finance Group. The Savings Banks Finance Group comprises 580 independent enterprises with more than 332,000 employees, including 413* Savings Banks, seven Landesbanken Groups, DekaBank, nine Landesbausparkassen and eleven primary insurance groups. The DSGV represents the interests of these enterprises on issues of banking policy, banking business and banking regulations vis-a-vis national and international enterprises and the public.

*As at 1 June 2016: 409 Savings Banks.

DSGV

all data: status as of editorial deadline 21.06.2016

I MANAGEMENT

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Georg Fahrenschon
President of Deutscher Sparkassen- und Giroverband, Berlin

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II EXECUTIVE COMMITTEE

Chairman of the Executive Committee

Georg Fahrenschon
President of Deutscher Sparkassen- und Giroverband, Berlin

Members of the Executive Committee

Thomas Mang
President of Sparkassenverband Niedersachsen, Hanover

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

Helmut Schleweis
Chairman of the Management Board of Sparkasse Heidelberg

Roland Schäfer
President of Deutscher Städte- und Gemeindebund, Berlin, and Mayor of the City of Bergkamen

Deputy Members

Peter Schneider
President of Sparkassenverband Baden-Württemberg, Stuttgart

Dr. Gunter Dunkel
Chairman of the Management Board of Norddeutsche Landesbank, Hanover/Braunschweig/Magdeburg

Georg Sellner
Chairman of the Management Board of Stadt- und Kreissparkasse Darmstadt

Prof. Dr. Hans-Günter Henneke
Executive Member of the Executive Committee of Deutscher Landkreistag, Berlin

III MANAGEMENT BOARD

Chairman of the Management Board

Georg Fahrenschon
President of Deutscher Sparkassen- und Giroverband, Berlin

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

1. Thomas Mang
President of Sparkassenverband Niedersachsen, Hanover

2. Hans-Jörg Vetter
Chairman of the Management Board of Landesbank
Baden-Württemberg, Stuttgart/Karlsruhe/Mannheim

3. Helmut Schleweis
Chairman of the Management Board of Sparkasse Heidelberg

4. Roland Schäfer
President of Deutscher Städte- und Gemeindebund, Berlin,
and Mayor of the City of Bergkamen

Members of the Management Board

Chairmen of Associations

Peter Schneider
President of Sparkassenverband Baden-Württemberg, Stuttgart

Dr. Rolf Gerlach
President of Sparkassenverband Westfalen-Lippe, Münster

Thomas Mang
President of Sparkassenverband Niedersachsen, Hanover

Dr. Ulrich Netzer
President of Sparkassenverband Bayern, Munich

Executive Directors of Girozentralen (clearing banks)

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

Herbert Hans Grüntker
Chairman of the Management Board of Landesbank Hessen-Thüringen Girozentrale, Frankfurt/Main and Erfurt

Dr. Johannes-Jörg Riegler
Chairman of the Management Board of Bayern LB, Munich

n.n.

Deputy Members of the Management Board

Reinhard Boll
President of Sparkassen- und Giroverband für Schleswig-Holstein, Kiel

Dr. Tim Nesemann
President of the Verband der Deutschen Freien Öffentlichen Sparkassen, and Chairman of the Management Board of Die Sparkasse Bremen AG

Cornelia Hoffmann-Bethscheider
President of Sparkassenverband Saar, Saarbrücken

Members of the Management Board

Directors of Saving Banks

Dr. Harald Vogelsang
Speaker of the Management Board of Hamburger Sparkasse AG and President of Hanseatischer Sparkassen- und Giroverband, Hamburg

Hans-Werner Sander
Chairman of the Management Board of Sparkasse Saarbrücken

Götz Bormann
Chairman of the Management Board of Förde Sparkasse, Kiel

Helmut Schleweis
Chairman of the Management Board of Sparkasse Heidelberg

Deputy Members of the Management Board

Siegmar Müller
Chairman of the Management Board of Sparkasse Germersheim-Kandel, Kandel

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

André Marker
Chairman of the Management Board of Sparkasse Lörrach-Rheinfelden, Lörrach

Volker Goldmann
Chairman of the Management Board of Sparkasse Bochum

Members of the Management Board

Representatives of municipal umbrella organisations

Deutscher Städtetag (Association of German Cities)

Dr. Eva Lohse
Lord Mayor of the City of Ludwigshafen am Rhein, and President of Deutscher Städtetag, Berlin and Cologne

Helmut Dedy
Executive Member of the Executive Committee of Deutscher Städtetag, Berlin and Cologne

Deutscher Landkreistag (Association of German Counties)

Prof. Dr. Hans-Günter Henneke
Executive Member of the Executive Committee of Deutscher Landkreistag, Berlin

Bernhard Reuter
Administrator of the Göttingen district, and Vice-President of Deutscher Landkreistag, Berlin

Deutscher Städte- und Gemeindebund (Association of German Municipalities)

Roland Schäfer
President of Deutscher Städte- und Gemeindebund, Berlin, and Mayor of the City of Bergkamen

Dr. Gerd Landsberg
Executive Member of the Executive Committee of Deutscher Städte- und Gemeindebund, Berlin

Deputy Members of the Management Board

Verena Göppert
Permanent Deputy General Manager and Councillor for Finance of Deutscher Städtetag, Berlin and Cologne

Dr. Ulrich Maly
Lord Mayor of the City of Nuremberg and Vice President of Deutscher Städtetag, Berlin and Cologne

Prof. Dr. Hubert Meyer
Executive Member of the Executive Committee of Landkreistag Niedersachsen, Hanover

Frank Beckehoff
Administrator of the Olpe district and Deputy Chairman of the Financial Committee of Deutscher Landkreistag

Roger Kehle
President of Gemeindetag Baden-Württemberg, Stuttgart, and Vice-President of Deutscher Städte- und Gemeindebund, Berlin

Uwe Zimmermann
Deputy General Manager of Deutscher Städte- und Gemeindebund, Berlin

Members of the Management Board

DekaBank Deutsche Girozentrale

Michael Rüdiger
Chairman of the Management Board of DekaBank Deutsche Girozentrale, Berlin and Frankfurt/Main

Bundesverband Öffentlicher Banken Deutschlands e.V. (Association of German Public Sector Banks)

Dr. Gunter Dunkel
Chairman of the Management Board of Norddeutsche Landesbank Girozentrale, Hanover/Braunschweig/Magdeburg

Deutscher Sparkassen- und Giroverband – the German Saving Banks Association

Dr. Karl-Peter Schackmann-Fallis
Executive Member of the Management Board of Deutscher Sparkassen- und Giroverband, Berlin

Dr. Joachim Schmalzl
Executive Member of the Management Board of Deutscher Sparkassen- und Giroverband, Berlin

Elected members of the Management Board

Michael Breuer
President of Rheinischer Sparkassen- und Giroverband, Dusseldorf

Carsten Claus
Chairman of the Management Board of Kreissparkasse Böblingen

Dr. Michael Ermrich
Executive President of Ostdeutscher Sparkassenverband, Berlin

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

Gerhard Grandke
Executive President of Sparkassen- und Giroverband Hessen-Thüringen, Frankfurt/Main and Erfurt

Dr. Stephan-Andreas Kaulvers
Chairman of the Management Board of Bremer Landesbank – Kreditanstalt Oldenburg, Bremen

Beate Läsch-Weber
President of Sparkassenverband Rheinland-Pfalz, Budenheim

Dr. Heinz Werner Schulte
Chairman of the Management Board of Kreissparkasse Ludwigsburg

Georg Sellner
Chairman of the Management Board of Stadt- und Kreis-Sparkasse Darmstadt

Werner Severin
Chairman of the Management Board of SaarLB, Saarbrücken

Dr. Franz Wirnhier
Chairman of the Management Board of LBS Bayerische Landesbausparkasse, Munich

Alexander Wüerst
Chairman of the Management Board of Kreissparkasse Köln

Imprint

Published by
Deutscher Sparkassen- und Giroverband e. V.
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Concept and design by
wirDesign Berlin Braunschweig
www.wirdesign.de

Photography
Christian Bruch (cover, p. 2)
Sparkasse Düsseldorf (p. 15)
IsM Bonn (p. 16)
Shutterstock (p. 19)
Sparkasse Leverkusen, DSGV (p. 20)
DW/B. Riegert (p. 22)

Printed by
DCM Druck Center Meckenheim

Editorial deadline for amendments
21 June 2016

You can access the online edition of our Financial Report on:
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