

INSIDE THE SAVINGS BANKS FINANCE GROUP





Constitutive Elements

The characteristics of the German Savings Banks Finance Group can also be seen as its major strengths:

- a business model and a legal form which ensure the supply of **banking services to the wider public**
- a **focus on the regional economy**, rooted in the business model and in the so-called 'regional principle'
- strong **cooperation within the Group**, sustained by a **mutual trademark** and the **Group's Institution Protection Scheme**
- a **decentralised structure**, group-wide division of labour and the generation of economies of scope.

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1 WELCOME ADDRESS BY THE PRESIDENT

HELMUT SCHLEWEIS
President of the German Savings Banks Association



**“With our international network,
we support our customers in their
international activities.”**

Ladies and Gentlemen,

Germany's Savings Banks are local retail institutions. Their origins lie in private old-age provision and asset accumulation. Savings Banks have a history spanning more than 200 years. They have supported and promoted the German business community through all the crises and changes. Our core strength lies in the local business cycles of deposits and loans. Today, the Savings Banks Finance Group is the market leader in Germany in private and corporate banking.

Approximately three out of four business enterprises in Germany are customers of the Savings Banks Finance Group. This makes Savings Banks and Landesbanken the most important providers of finance for Germany's small and medium-sized enterprises. We have built this position over many generations. However, while each Savings Bank operates only in its home region, our business clients are also active internationally. For this reason, we support them through an extensive network comprising our own branches and local partner banks.

In this brochure, we describe the structures within which Savings Banks operate and explain their underlying philosophy. In fact, it is more than a philosophy – it is a public mandate. In addition, we present our international network. And we show how the Savings Bank concept is taking root in many countries of the world today.

Local retail banking for the common good stabilises the economies and societies of many emerging nations and provides economic security for the people living in these countries. In this context, Savings Banks and the Savings Banks Foundation for International Co-operation provide their expertise to make tangible contributions.

The “Savings Bank” business model works worldwide. It increases development opportunities for broad sections of the public and local business enterprises, and it creates local jobs and income. This is precisely what globalisation needs: strong home markets which reliably produce, export, invest and purchase.

“The Savings Banks concept is taking root in many countries of the world today.”

For this reason, local retail banking needs to be strengthened internationally by regulation that is suitable for this business model. This is also advocated by Germany’s Savings Banks, together with many hundreds of other member institutions in the European Savings Banks Group and the World Savings Banks Institute.

We appreciate your interest in Germany’s Savings Banks and the Savings Banks Finance Group as well as in our international activities.



Berlin, November 2018

2 WELCOME TO THE SAVINGS BANKS FINANCE GROUP

The Savings Banks Finance Group comprises approximately 540 member institutions. They form a close network of specialised service providers, rather than a consolidated group. The individual institutions are managed in a decentralised and self-reliant way, which fits well with Germany's economic structure and culture. The Savings Banks Finance Group is particularly strong in the provision of finance for small and medium-sized enterprises.

At its core are the 385 Savings Banks, operating roughly 13,300 branches. There is no city or district in Germany without the presence of a Savings Bank. Being legally and economically independent, the Savings Banks ensure that all sections of the population have access to and benefit from banking services.

Who's Who in the Group

Savings Banks

Savings Banks form the heart of the Group. Savings Banks are regional retail banks with total assets of typically EUR 2.5 billion each. There is a local Savings Bank in every administrative region of Germany. Their activities focus on deposit and lending business with private and business customers (including the self-employed and local governments). With a network of more than 13,000 branches, Savings Banks are also the Group's most important 'sensor' in the market. Typical business areas in which Savings Banks use the products and services of other Group members include payment transactions, securities business, international corporate banking and IT services.

Landesbanken

Landesbanken provide a broad range of services for businesses and enterprises of all sizes. As central clearing banks for Savings Banks, Landesbanken ensure the integration of Savings Banks into supraregional and international banking. In addition, Landesbanken provide support and advice to the Savings Banks' small and medium-sized customers in their international activities. Hence, Landesbanken play a major role in developing new business opportunities for small and medium-sized enterprises. By bundling services, e.g. in international payment transactions and in the securities trading business, Landesbanken contribute to the cost efficiency of Savings Banks.

Deutsche Leasing

The Deutsche Leasing Group is the leading solutions-oriented asset finance partner for German medium-sized companies and offers a wide range of investment-related finance solutions (asset finance) and other complementary services (asset services). Within the Savings Banks Finance Group, Deutsche Leasing is the competence center for leasing and factoring as well as other asset finance solutions and complementary services aimed at medium-sized companies both in Germany and in 22 countries abroad. (For more information see page 32)

Deka Group

DekaBank is the Savings Banks' securities service provider; together with its subsidiaries, it forms the Deka Group. With total assets¹ of approx. EUR 283 billion and roughly four million managed securities deposit accounts², the Deka Group is one of Germany's largest securities service providers. It gives private and institutional investors access to a wide range of investment products and services. DekaBank is firmly anchored in the Savings Banks Finance Group, and its portfolio of products and services is entirely tailored to the requirements of its owners and its sales partners in the securities trading business.

Cooperation within the Group

While their focus on small-scale financing and services provides for moderate risks and stable earnings, Savings Banks also profit from cooperating within the Group and with the Landesbanken. Division of labour increases operational efficiency in areas such as back office and IT services, or the joint use of risk assessment models.

Members of the Group share the mutual trademarks 'S' and 'Sparkasse'. And in cases of economic difficulty, Savings Banks assist each other at regional or supra-regional level to ensure the continued existence of an institution through the Group's Protection Scheme.

Landesbanken

- 100 locations with more than 10,000 correspondent banks worldwide
- dsgv.de

German Centres

- Leasing of office space in global growth markets
- germancentre.de



CountryDesk

- The international network of the Savings Banks Finance Group
- countrydesk.de

EuropaService

- Cooperation with 600 organisations in more than 60 countries around the world
- europaservice.dsgv.de

Deutsche Leasing

- Over 20 years' experience in international business
- The international network of Deutsche Leasing encompasses 22 countries besides Germany
- deutsche-leasing.com

Deutsche Factoring Bank

- A company of Deutsche Leasing Group
- Member of Factors Chain International, with more than 400 members in 90 countries
- deutsche-factoring.com

Partners at home and abroad

The Savings Banks Finance Group is a reliable partner for business enterprises and banks worldwide. International support to corporate clients is provided by the Group's international network.



¹ Total assets include mutual and special funds, ETFs and certificates

² As of 31 December 2017

Market presence

Deutsche Leasing Group⁸

2,526 employees

New business EUR 8.9 billion
Assets under management EUR 36.8 billion

6

Landesbank Groups

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

Total assets EUR 908 billion
Employees 34,836

385^{*} Savings Banks

Total assets EUR 1,200 billion
Branches 13,305
Employees 216,117

Savings Banks Finance Group

companies¹

540^{*}

Business volume⁴ EUR 2,840 billion⁵
..... EUR 2,700 billion⁷
Branches² 18,000⁵/17,960⁷
Employees³ 312,800^{5,6}/304,500^{6,7}

Deka-Bank
Deutsche Girozentrale

Total assets EUR 94 billion
Branches 4,649

¹ Including associations and other institutions; figures have been rounded

² Offices / information centres

³ Office staff and field force, excluding part-time employees; figures have been rounded

⁴ Business volume here = balance sheet total / portfolio volume / total assets / investment volume; figures have been rounded

⁵ Including foreign branches as well as domestic and foreign subsidiaries of Landesbanken

⁶ Including 3,304 employees of associations, their institutions and other institutions

⁷ Excluding foreign branches, excluding domestic and foreign subsidiaries of Landesbanken

⁸ As of 30 September 2017

* As of 15 October 2018

History of the German Savings Banks

For over 200 years, the Savings Banks' concept has combined banking business with a sense of **civic responsibility**. Since then the Savings Banks' business model has focused on the region in which the Savings Bank is based, promoting the **common good** in its home region. The decentralised structure of the Savings Banks Finance Group ensures the **local provision** of carefully tailored risk assessment and customer solutions.

1778

First Savings Bank in Hamburg was founded.

The idea of Savings Banks has strong roots in Germany.

Savings Banks have a track record of two centuries of active involvement in regional development and of financial success in a highly competitive environment. The very foundation of the Savings Banks' business model lies in the 18th century proposition that everyone should have a fair chance to improve their lives by means of savings and old-age provision.

1909

Introduction of the giro system

Savings Banks spread across the country in the 19th century and played a decisive role in financing the industrialisation of Germany.

At a time when comprehensive social security systems were not yet in place, Savings Banks were key in providing financial services to low-income households in particular, even in small communities.

Savings Banks: a tradition of matching social and economic development

18th century The Enlightenment



- The first Savings Banks are founded by socially minded citizens and local associations to alleviate poverty
- Offering financial provisions to all fosters social inclusion

19th century Industrial Revolution



- Founding years of Savings Banks; most are incorporated as municipal entities
- Lending to small and medium-sized enterprises

Key drivers: financial inclusion and sustainable economic and social development

As it was in keeping with Germany's federal structure, the model of decentralised Savings Banks – supported by local authorities or municipalities – quickly set a precedent.

Originally, Savings Banks were primarily active in the savings business, but they have operated as full-service retail banks since the beginning of the 20th century. Their responsible approach to banking and their local focus remain unchanged.

In 1909, the advent of cashless payment marked the beginning of cooperation between Savings Banks and with the Landesbanken. Over the years, the Savings Banks Finance Group has been complemented by additional specialised service providers, for example in asset management, insurance etc.

The first Landesbanken were established in the mid-19th century in various parts of Germany. They developed into central banks for the Savings Banks of a given region and soon became an important provider of local government finance. Today, Landesbanken operate both in Germany and abroad. They engage mostly in wholesale activities. However, Landesbanken have retained their regional roots and operate as service providers for Savings Banks, for example, in more complex product areas.

1931

Savings Banks become legally independent

1948

Savings Banks contribute to the reconstruction of Germany

1990

Savings Banks support German reunification

1910–1930 New set-up, same mission



- Savings Banks become legally and economically independent
- Growing cooperation of Savings Banks and Landesbanken
- Continuously supporting the economic development of their local communities

Rebuilding the economy after 1945 and German reunification



- Building up efficient banking structures
- People save to build up assets and to provide for the future
- Savings Banks contribute to the economic miracle: lending to SMEs and private customers

What sets a Savings Bank apart?

The German regulatory regime applies equally to all banks, including Savings Banks. However, the legal framework and business model of the Savings Banks have a number of special features, many of them a legacy from their founding days and a tribute to Germany's diversified economic structure.

Savings Banks operate under a public mandate

Savings Banks were established to provide all citizens, including those on low incomes, with the opportunity to deposit their savings safely. This founding mission has evolved over time and was laid down by law as a so-called public mandate, including the obligation:

- to ensure non-discriminatory provision of financial services to all citizens and particularly to small and medium-sized enterprises in the region,
- to strengthen competition in banking business (even in rural areas),
- to promote savings,
- to sponsor a broad range of social commitments.

The public mandate shapes the Savings Banks' business model and entrusts them with an economic and social responsibility that goes far beyond banking services.

Public legal form

Initially, Savings Banks were founded by citizens; their structure was reminiscent of private foundations. Later, they were founded predominantly by municipalities and were integrated into the local government organisations. This legal structure was replaced in 1931, when Savings Banks became legally independent institutions. Since then, Savings Banks have operated under market conditions as legally and economically independent institutions under public law.

Municipal Trusteeship

As opposed to other countries, Savings Banks in Germany have neither owners nor members. Instead they operate under "municipal trusteeship". Their "responsible public bodies" are the municipalities.

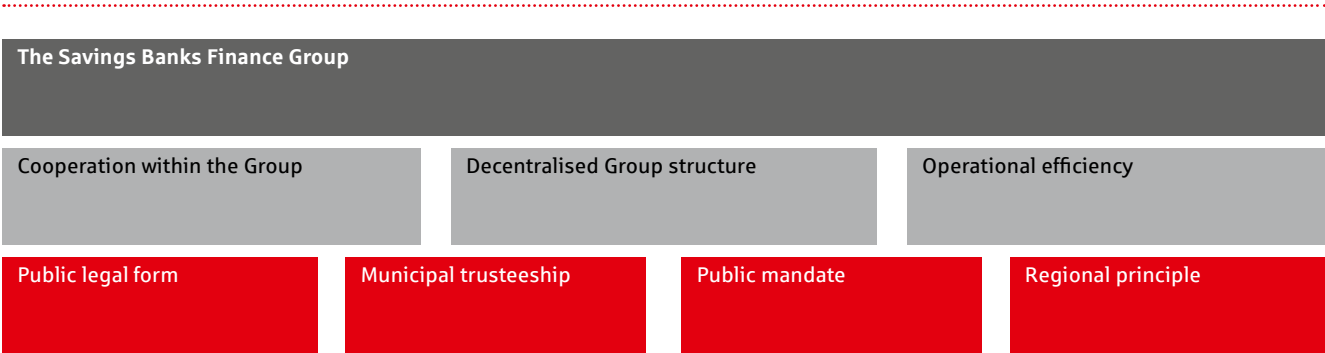
However, as the municipalities are not owners or shareholders of Savings Banks, they cannot be sold by the municipalities. In short, Savings Banks are not state-owned banks. They are fully independent in their day-to-day business and run by licensed bankers.

Unlike Savings Banks, Landesbanken are owned primarily by Germany's federal states and by the Savings Banks based in their respective federal state.

Savings Banks follow the ‘regional principle’

Savings Banks only service a clearly defined business area, which is specified as the administrative region of the municipality or district in which it was founded. The regional principle is laid down by law. Due to the focus on their territory, Savings Banks operate very close to market, balance risks carefully and take a long-term approach with their clients and the community as a whole. Their clear local focus helps Savings Banks to fine-tune products and services to meet local needs. It is a depth of knowledge that can rarely be found in remote corporate headquarters, and thus contributes to the Savings Banks’ efficiency.

The common basic principle of the Group’s structure ensures the success of its business model



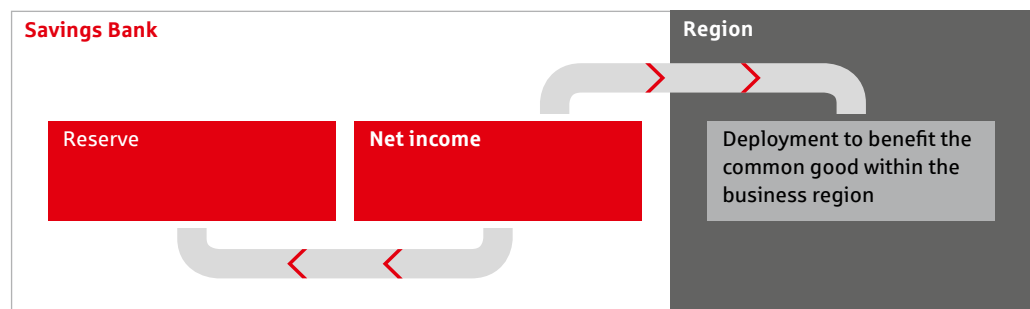
3 REGIONAL DEVELOPMENT AND SOCIAL COMMITMENT

The Savings Banks Finance Group's concept combines banking business with a sense of civic responsibility. For example, Savings Banks do not exclude any specific client group from their services or limit the range of financial products available to low-income households or small businesses.

Social responsibility

Unlike most private banks, Savings Banks provide full retail services even in remote and less favoured regions. In addition to this, the Savings Banks Finance Group is also a major contributor to the German economy as a taxpayer to local budgets and as an employer. With staff of over 304,000, the Savings Banks Finance Group is among the most significant employers in Germany, providing quality jobs and apprenticeships in all parts of the country.

Savings Banks apply their net income to promote sustainable development



A Savings Bank's profits are used exclusively to strengthen its financial base and to provide benefits for society. Savings Banks, Savings Bank foundations, Landesbanken and partner entities within the Savings Banks Finance Group are actively involved in an array of social interactions in communities by sponsoring art and culture, engaging in social projects, supporting sports and providing assistance in the fields of education and environmental protection.

Art and culture

The social commitment of the Savings Banks Finance Group is based on the three pillars of donations, sponsoring and foundation distributions. With targeted national measures, the promotional services of Savings Banks, regional associations and Landesbanken are multiplied. The promotion of art and culture makes up the main part of this. For example, there are extensive cooperations with large museum associations in Berlin and Dresden. The focus is on photography and visual arts.

Social commitment

The Savings Banks Finance Group sponsors a variety of projects involving children, young people and senior citizens. Our sponsorship is addressed to society as a whole and supports, for instance, social counselling centres, neighbourhood centres and integration projects for immigrants.

Sports activities

The Savings Banks Finance Group sponsors a variety of sports. The largest share of the contributions goes to sports clubs in all of Germany's regions. One example is our sponsorship of the Deutsches Sportabzeichen (German Sports Badge). In addition, the Savings Banks Finance Group also sponsors sports activities of top athletes, amateurs and people with disabilities, such as the athletes of the German Olympic and Paralympic teams, as well as the elite sports schools.

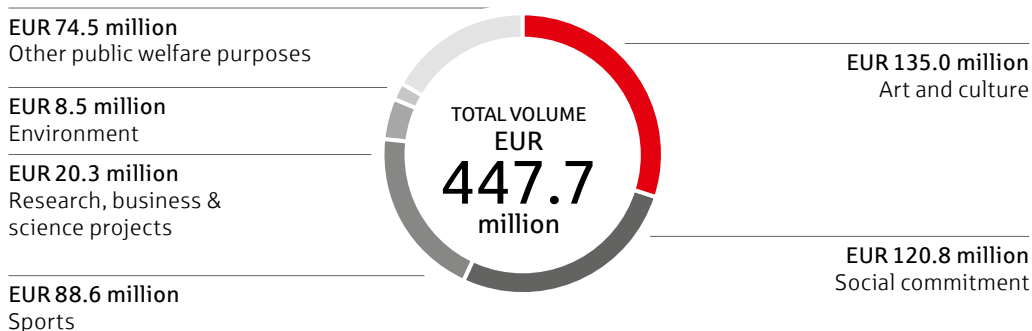
Environmental protection

The Savings Banks Finance Group also assumes responsibility for the environment with a wide variety of local and regional activities that address environmental and climate concerns. A large number of local environmental organisations, for instance, can count on the support of Savings Banks. Their sponsorship scheme also includes selected ecological projects in schools.

Education

Our sponsorship in the fields of education and integration is a key element of the Savings Banks Finance Group's activities aimed at supporting sustainable social development. Savings Banks invest in the financial literacy of children from an early age, for instance by providing teaching materials on economic and financial topics via the "SparkassenSchulService" (Savings Banks School Service). Outside of schools, the Savings Banks Finance Group's "Money and Household" advisory service provides all consumers with free-of-charge information designed to improve their financial literacy and to prevent debt.

Social commitment of the Savings Banks Finance Group As at 31 December 2017



With over **EUR 440 million spent on social commitment** per annum and **748 charitable foundations**, the Savings Banks Finance Group is:

- Germany's largest non-governmental sponsor of art and culture, and its largest non-governmental sports sponsor.
- one of the country's largest sponsors in the social sector.
- one of the country's largest scholarship sponsors.

Our market position

Retail business with private customers is fundamental Savings Banks business, and has been for more than 200 years. Today, approx. 50 million customers throughout Germany benefit from the fact that their Savings Bank is nearby. However, due to changes in the banking industry (e.g. increasing regulation), macroeconomic drivers (e.g. interest rate policy) and digitalisation, as well as changing customer behaviour, the Savings Banks face immense challenges. Savings Banks meet these challenges by repositioning themselves. New options for the future include, among other things, multichannel strategies. With the "Digital Agenda", the Savings Banks Finance Group developed their digital services that offer customers a wide range of innovative products (see pages 20/21).

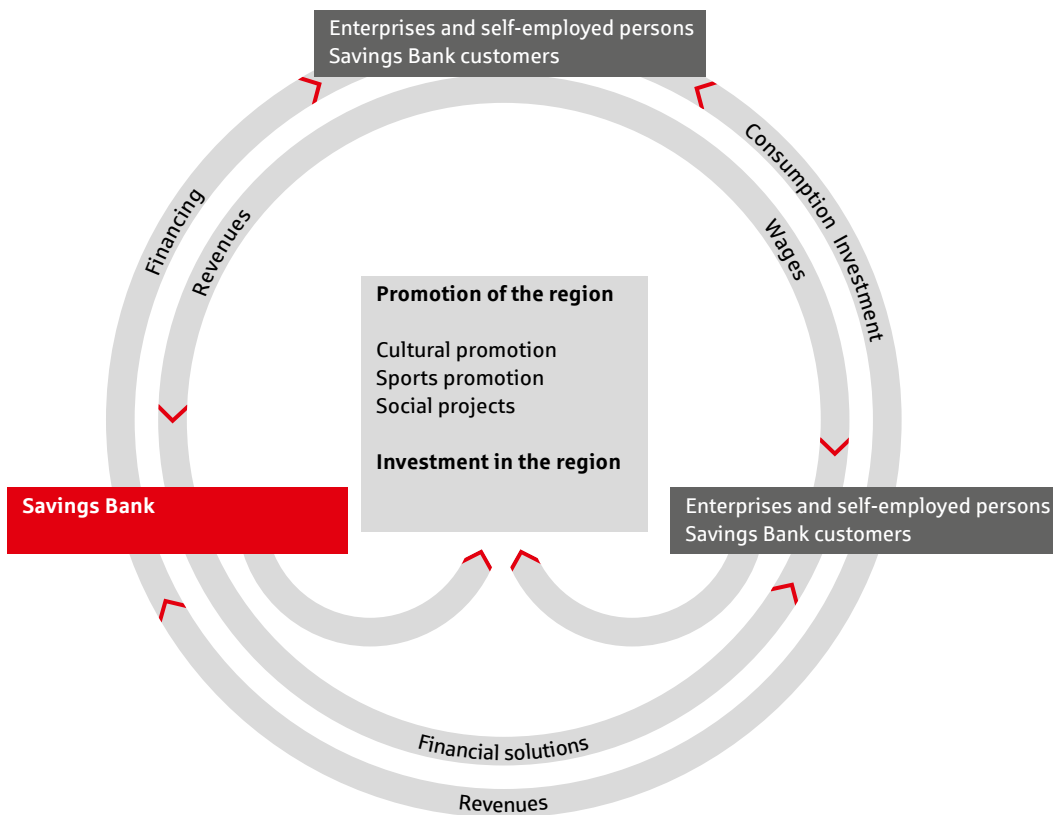
In addition, a large proportion of savers entrust their money to Savings Banks in the form of deposits. These deposits are reissued into local loans (e.g. financing of small and medium-sized enterprises, for housing construction and for local renewable energy projects).

This means: Savings Banks complement local and regional development with products that are relevant for the real economy. And as a result, there is little scope for artificial growth.

Savings Banks fuel local economic cycles

Access to financing for small and medium-sized enterprises in Germany would be inconceivable without Savings Banks and Landesbanken. Savings Banks have been SMEs' most important source of finance for many years. This important role in the German economy is particularly striking in the segment of loans extended to craftsmen. Decisions on business loans and risk assessments are taken locally, rather than at distant corporate headquarters. As their business area is limited to a clearly defined local territory, Savings Banks are encouraged to foster prosperity in that same region.

Savings Banks are part of a regional economic cycle



Capital and investment

Traditional retail business is the primary source of earnings for the Savings Banks. Their capital base is generated from retained earnings. As they are broadly positioned throughout the private customer and business customer segments, Savings Banks have a superbly diversified portfolio, a moderate risk profile and generate stable earnings.

A comfortable tier-1 ratio overall and a very high net borrowing position which is stable over the long term are characteristic of Savings Banks. With their sound capital base and liquidity surplus, Savings Banks potentially have considerable scope for extending additional loans to corporate customers without violating minimum regulatory requirements and, thus, for consolidating their market position. Furthermore, Savings Banks are in a good position to issue covered bonds (mortgages) and to obtain long-term refinancing funds on attractive terms.

An international player in payments

On an international level, cross-border services are increasingly becoming part of private cashless transactions. The Savings Banks Finance Group has the third largest volume of SWIFT transactions in Germany and is one of the largest users of the European EBA clearing platform.

Supporting the German economy

A MAJOR PLAYER IN GERMAN BANKING

Savings Banks focus on the **real economy**.

Savings Banks have the **widest customer coverage** in retail banking in Germany.

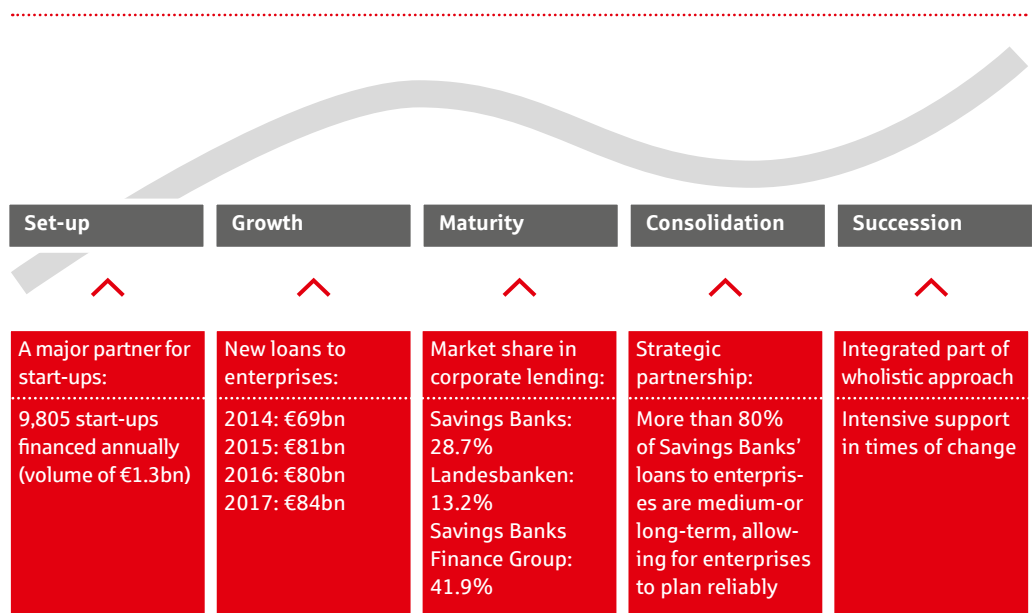
They have been the **most important provider of corporate finance** for **small and medium-sized enterprises** in Germany for many years.

The German banking market plays an important role in the German economy, in particular in the financing of German small and medium-sized enterprises. Traditionally, Savings Banks and Landesbanken are major players in this segment and reliable business partners for German enterprises.

- Savings Banks have a banking relationship with **half of all customers in Germany**.
- Savings Banks hold **90 million savings, current and security accounts** and are strongest in deposits from private customers.
- Savings Banks and Landesbanken are the **'principal bank' for more than 40% of all German businesses**.

Savings Banks show a long-term commitment to the real economy; thereby preventing credit crunches. Since 2008 - the onset of the financial crises - Savings Banks have issued increasing numbers of **new loans to enterprises**. In 2017 this amounted to €84 billion, an **increase of 42.1%** compared to 2008.

Savings Banks accompany their corporate customers throughout the entire life cycle of their business. Examples of what we do:




Structure of the German banking market

All banks including Savings Banks are subject to the German Banking Act and to general banking supervision, which is carried out by the German Federal Financial Supervisory Authority (BaFin) and the German Central Bank (Bundesbank).

The German banking market comprises credit and private banks, co-operative banks and credit institutions organised under public law, e.g. Savings Banks and Landesbanken. All three types of banking service providers have their own guarantee system and their own business model, competing directly with each other. Both Savings Banks and co-operative banks form decentralised networks, adding to a diversified banking market.

The **decentralised structure** of the Savings Banks Finance Group is in **keeping with Germany's federal and decentralised economic structure.**

The German banking market is built on three pillars:

	 Local/regional	Co-operative banks	Commercial and privately owned banking groups
Business territory	Local/regional	Local/regional	Germany Europe/world
Responsibility	Board-level/in situ	Board-level/in situ	Board level from headquarters
Focus	Credit business	Credit business	Capital market and credit business
Refinancing	Primarily through customer deposits	Primarily through customer deposits	Primarily through capital market

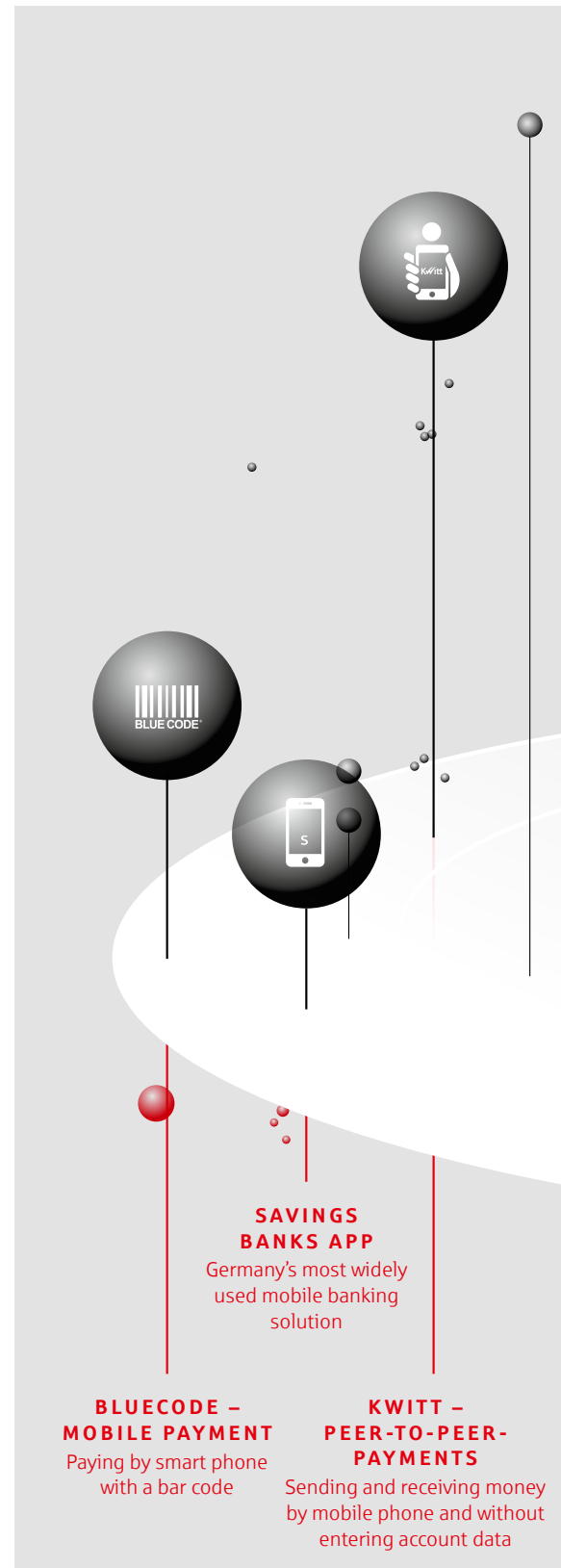
4 DIGITALISATION WITHIN THE GROUP

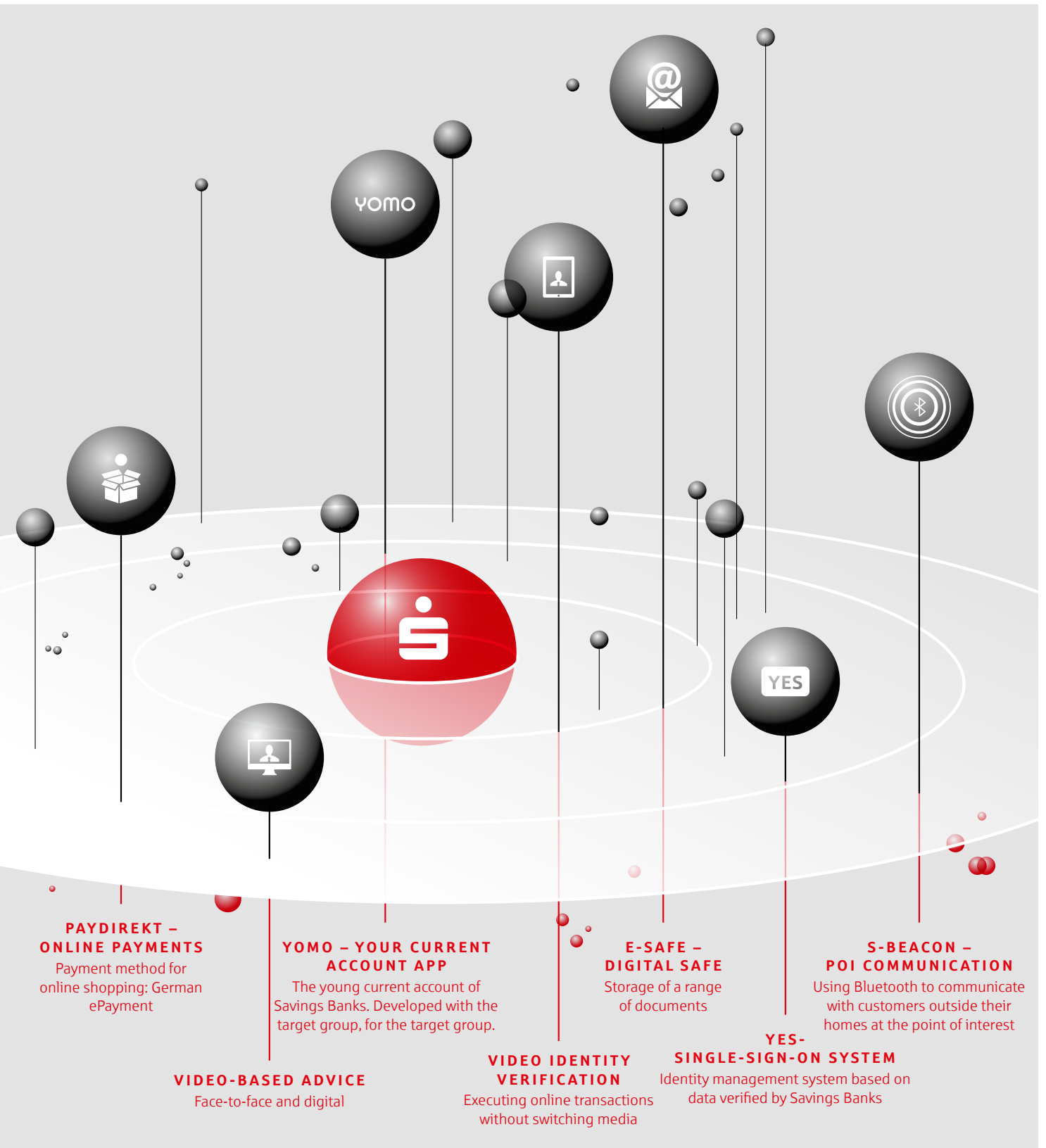
Innovative Savings Banks products

For more than 200 years, Savings Banks have supported economic and social change in Germany with up-to-date financial products and advisory services for all customers. “Embracing change” is part of the Savings Banks’ DNA.

In this spirit, the products and services provided by Savings Banks – developed in co-operation with their partners within the Savings Banks Finance Group – are also designed to meet current challenges.

This has led to the introduction of a whole range of innovative products – however, to complement current services, not to replace them. Savings Banks want to be the preferred financial partner of their customers, both in local branches and online. Savings Banks are still their customers’ first choice – thanks to the high degree of trust Savings Banks enjoy and their customers’ belief that they are in good hands.





5 RISK MANAGEMENT AND FINANCIAL RELIABILITY

Our risk profile

Germany's Savings Banks use comprehensive, state-of-the-art instruments and processes to measure and manage all major risks arising from banks' operations and from market conditions. Additionally, risks are monitored group-wide within the framework of the common institutional protection scheme, the Savings Banks Finance Group's Protection Scheme.

Business model mitigates risk

-
- **Moderate** risk profile;
 - **Balancing** growth with common good orientation;
 - **Conservative** risk management;
 - **Institution protection**

Savings Banks are fully exposed to market forces. They operate according to commercial principles and their survival depends on their intrinsic capacity to generate adequate profits to fund their business operations. But in order to maintain consistent services for their clients, Savings Banks do not strive for short-term profit maximisation, as this may produce high risks in the long term.

Since Savings Banks are local players, they also have extensive knowledge of their local customers. This provides a thorough awareness of the risks involved in extending a loan to a specific client. It is a depth of knowledge that can rarely be found in remote corporate headquarters.

The Savings Banks legislation that applies in Germany's federal states limits the scope of Savings Banks' engagement in certain high-risk business transactions from the onset.

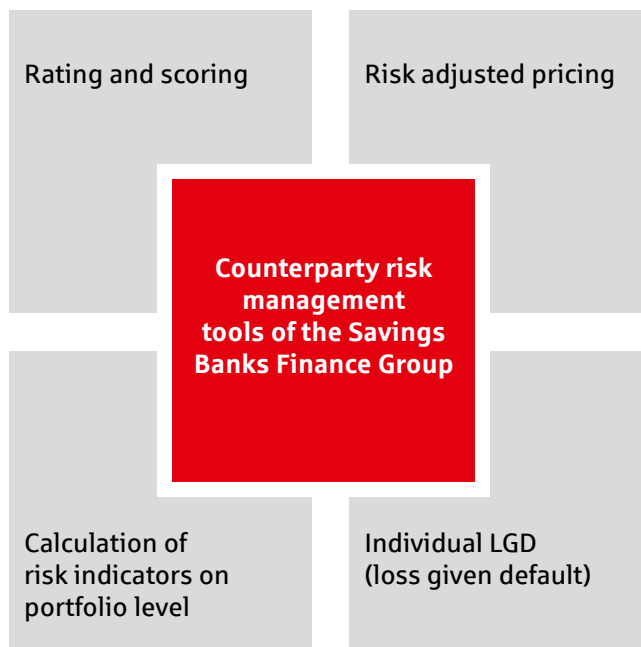
Measuring counterparty risk

Savings Banks have a very broad customer base which includes larger SMEs as well as the businesses of craftsmen and the self-employed. Lending business with these customer groups is essential for Savings Banks. Their internal customer ratings provide validated information on loan loss probability.

The internal rating of business customers includes not only key financial ratios, but also more than 20 qualitative factors, such as a sound succession arrangement and information on the quality of business controlling. Savings Banks have rated more than 11 million customers and this number is growing every year. On this basis, the Group's rating methods are fine-tuned on an ongoing basis.

A second pillar of the Savings Banks' internal risk management is their detailed knowledge of regional and national trends in specific sectors. The sector forecasts of the Savings Banks Finance Group are based on about 300,000 anonymous corporate balance sheets, which are updated about 10 times per year. This data resource is unique in Germany in terms of its depth and history.

Safeguarding the ability to bear risks



- Customer assessment
- Risk control
- Management of institutions

The Group`s Institution Protection Scheme

The Savings Banks Finance Group operates its own deposit guarantee scheme, the Institution Protection Scheme. The Group`s Institution Protection Scheme has a number of particular strengths:

- ex ante payments of its members according to their total assets and risk profile, so the fund can act on the spot when needed
- proactive monitoring of risks by means of performance indicators and qualitative analyses
- intervention rights long before failure

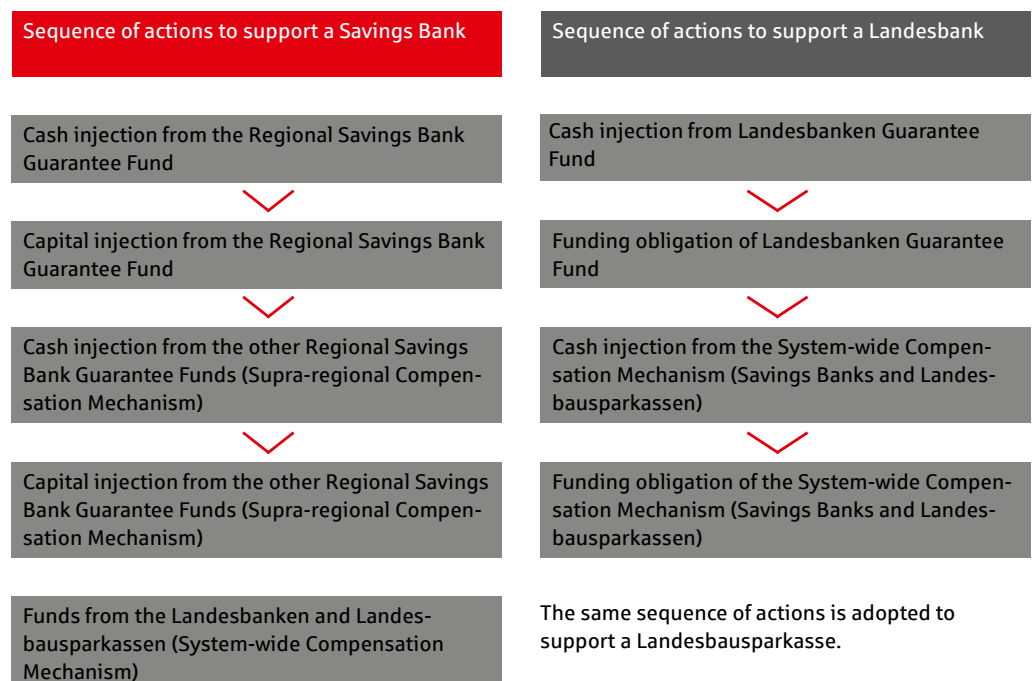
Most importantly, the Group`s Institution Protection Scheme is designed to safeguard not only customer deposits in full, but also the solvency and liquidity of its member institutions. When a Savings Bank requires support, it has recourse firstly to the regional fund, i.e. the neighbouring Savings Banks. If these resources are not sufficient, the Group`s supra-regional funds will be used. However, the primary task of the Institution Protection Scheme is not to coordinate support cases, but to prevent them from arising in the first place.

This has proved its strength. Since the establishment of the Institutional Protection Scheme in the 1970s, no member institution has ever defaulted. In the Savings Banks Finance Group, no customers have lost any of their deposits or interest.

The Institution Protection Scheme has a stabilising effect on the German banking market, ensuring that smaller institutions such as Savings Banks provide for their own protection and that their broad range of services will be maintained nationwide. From an economic perspective, this is a highly efficient form of protection.

Moreover, the Institution Protection Scheme of the Savings Banks Finance Group has been officially recognised as a deposit guarantee scheme under the German Deposit Guarantee Act (Einlagensicherungsgesetz, "EinSiG"). Under a statutory deposit guarantee scheme, customers have the right of a refund of up to EUR 100,000, as stipulated in the German Deposit Guarantee Act.

Provision of funds to protect institutions



Ratings of our Group

Creditworthiness acknowledged by capital market ratings

The Savings Banks Finance Group has obtained separate capital market ratings for Savings Banks, Landesbanken and Regional Building Societies (Landesbausparkassen). These ratings are aimed specifically at the good credit standing of the Savings Banks and underline the importance of their cooperation within the Savings Banks Finance Group.

Well over 380 Savings Banks have received individual ratings by Fitch and / or DBRS based on the group ratings.

The positive ratings by all three agencies confirm the strong performance of its members and the high credit standing of the Savings Banks Finance Group at international level, as well as acknowledging their decentralised, locally based business model.

Many Landesbanken are already active in the capital market and have obtained their own issuer ratings in addition to the group ratings described below.

Ratings of the Savings Banks Finance Group

	2018	2017	2016
Moody's corporate family rating			
long-term	Aa2	Aa2	Aa2
Fitch floor rating			
long-term	A+	A+	A+
DBRS floor rating			
long-term	A	A	A

6 SUPPORTING INTERNATIONALISATION

Our international network

-
- Savings Banks **assist** their corporate clients when **entering new markets.**
 - Savings Banks and Landesbanken share a **common international network.**
 - The Savings Banks Finance Group's international activities range from **payment transactions to development assistance.**
 - Savings Banks are competent local partners for internationally operating business enterprises – **partners with regional roots and a global network.**

Savings Banks' international network

German Savings Banks do not operate branches abroad, but they are global players in customer service.

- For private customers, this mainly includes services related to payment transactions.
- For business customers, this encompasses advisory and financing services, including the support of investments.

Needless to say, Savings Banks also cover international payment transactions, documentary business and foreign trade financing. Savings Banks often use the systems of the Landesbanken to settle international transactions or have their own correspondent banking connections.

German Savings Banks and Savings Banks in other countries are not interlinked. Their common ground, however, is a 'regional, retail and responsible' business approach.

International operations of the Landesbanken

All Landesbanken are internationally active in a variety of fields, and they are also present in other countries through branches and offices. They provide a wide range of specialised services, from supporting small and medium-sized enterprises to derivatives trading and project financing.

Through their correspondent banking, Landesbanken maintain direct contact with foreign banks worldwide. In addition, they operate in the international capital markets, are involved in international project finance and act as investors.

Today, most Landesbanken are also part of S-CountryDesk. Via this network, they make the services of their international bases available to all interested Savings Banks and their business customers.

S-CountryDesk international network

S-CountryDesk is an international network which was established as a joint project between the German Savings Banks and their European and overseas partners. S-CountryDesk provides German Savings Banks' customers with access to the infrastructure, product range, local expertise and capabilities of foreign banking and non-banking partners. It also provides a platform for all the institutions and service providers from within the German Savings Banks Finance Group that offer specialised products for international corporate banking business, including the Landesbanken.

The legal structure of S-CountryDesk is that of a limited liability company (GmbH). Its shareholders include not only a large number of German Savings Banks but also nearly all Landesbanken, as well as Deutsche Leasing and Deutsche Factoring Bank. Associated service providers include institutions such as the EuropaService of the Savings Banks Finance Group and the German Centres in major target markets.

While S-CountryDesk does not provide centralised correspondent banking for all Savings Banks, it does engage in intensive relationship management between foreign service and banking partners and the Savings Banks Finance Group. S-CountryDesk can therefore be used to organise and accompany corporate clients' specific business deals.

S-CountryDesk was also established to make Savings Banks more easily accessible for foreign banks' corporate clients on their way to Germany. Today, banks and service providers from more than 100 countries make their expertise and their services available to this personalised web of contacts.

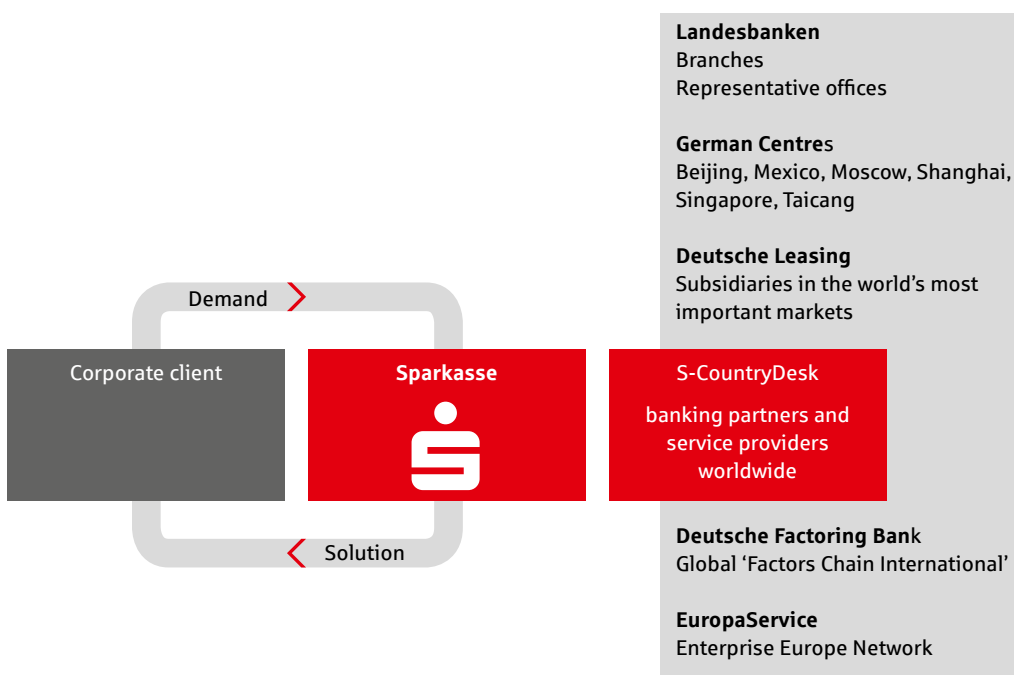
In 2016 the S-CountryDesk launched the very successful "S-weltweit App" for international business. Nearly 200 Savings Banks are now using this new digital marketing channel. The app provides high-quality information on 150 countries and is designed to give new impetus to international corporate banking business.

- countrydesk.de
- s-weltweit.de

S-WELTWEIT APP provides:

- **daily news** and events update
- a **wide spectrum** of country information and intercultural tips
- **personalised** exchange rate information and currency converter
- **worldwide locations** of the S-Finance Group
- **sharing** of news, events and links

S-CountryDesk comprises Group specialists and partners from 100 countries



Our international activities

Sparkassenstiftung für internationale Kooperation (Savings Banks Foundation for International Cooperation)

The Sparkassenstiftung provides proactive support to financial institutions that sustainably foster economic and social development at local, regional or national level through needs-oriented banking services. The Sparkassenstiftung's goal is to assist its partner institutions to become more professional and to enable them to give their customers permanent access to financial services. The main target groups are micro, small and medium-sized enterprises (MSME), as well as poor and socially marginalised groups. This orientation to MSMEs and low-income earners actually benefits our partners too, because delivering services to these customer segments secures ongoing stable and satisfactory returns.

By strengthening local and regional financial structures, the Sparkassenstiftung not only generates development opportunities for wide sections of the population and local companies, but ultimately also helps to create jobs and income.

This complies with the approach and objectives of Germany's Savings Banks. It also has a stabilising effect on the respective financial sector and, as a result, on the given country's economic development. With their 200-year history, Germany's Savings Banks show that sustainable microfinance is only feasible if it is organised efficiently and professionally. And it is these key success factors that the Sparkassenstiftung communicates to its partners through its project work.

→ sparkassenstiftung.de

100

number of experts abroad



28

staff at Bonn
Head Office



More than
240
staff worldwide



1 objective:

poverty reduction through
financial inclusion



project volume
in 2017

19

million



43

project countries



European Savings Banks Group (ESBG) / World Savings Banks Institute (WSBI)

Savings Banks or similar financial institutions are not a German phenomenon. Savings Banks also exist in other countries, albeit in a wide range of different forms. They share a strong focus on retail business and a business policy that is geared towards public welfare. The purpose of the European Savings Banks Group and the World Savings Banks Institute is to represent the political interests of local banks and to facilitate a professional exchange of views. The German Savings Banks Association is a voluntary member of both organisations.

→ wsbi-esbg.org

European Savings Banks Group (ESBG)

Advocating for a diverse banking sector

Pluralism and diversity in the European banking sector safeguard the market against shocks that arise from time to time. Members seek to defend the European social and economic model that combines growth with high living standards and good working conditions.



World Savings Banks Institute (WSBI)

Favouring inclusive globalisation

Favouring an inclusive form of globalisation that is just and fair, the WSBI supports international efforts to advance financial access and usage for everyone. They also promote a vision for a pluralistic banking model and an enabling environment for financial inclusion. The WSBI supports the aim of achieving sustainable, inclusive and balanced growth and job creation around the world.



Deutsche Leasing

- Over **20 years of experience** in international business
- The **international network** of Deutsche Leasing **encompasses 22 countries besides Germany.**
- deutsche-leasing.com

Deutsche Leasing

The Deutsche Leasing Group is the leading solutions-oriented asset finance partner for German medium-sized companies and offers a wide range of investment-related finance solutions (asset finance) and other complementary services (asset services).

Within the Savings Banks Finance Group, Deutsche Leasing is the competence center for leasing and factoring, as well as other asset finance solutions and complementary services aimed at medium-sized companies both in Germany and abroad.

The core business includes leasing and factoring. Much of the leasing is concerned with machinery, vehicles, IT and property as well as solutions for the transport and energy sectors.

The asset and finance experts at Deutsche Leasing look after their customers and business partners at local level. The network of offices across Germany provides excellent coverage. The advice and products provided are specifically tailored to the investment projects concerned.

Since 1993, Deutsche Leasing has been helping its German customers to access the most important export markets in Europe and further afield, including China, the USA, Canada and Brazil.

All told, the international network of Deutsche Leasing encompasses 22 countries besides Germany. German companies – machinery manufacturers with an international presence in most cases – see leasing as an important tool for driving sales. In addition, Deutsche Leasing also helps German companies with direct investments abroad.

→ deutsche-leasing.com

EUFISERV Payments

The German Savings Banks Finance Group is a member of EUFISERV Payments. EUFISERV Payments was founded in 2007 as an initiative of the European Saving Banks Group. Its mission is to develop, manage and maintain facilities in the field of financial services with a special focus on card payment services. EUFISERV Payments has more than 20 years' experience in handling ATM transactions directly between its participants.

Today EUFISERV Payments has participants from several retail bank sectors in Europe. The EUFISERV idea will be constantly evaluated by its participants for applications in other areas i.e. point of sale or mobile-devices-based payment methods.

→ eufiserv.com

CONTACT

The Deutscher Sparkassen- und Giroverband e.V. – DSGV e.V. (German Savings Banks Association) is the umbrella organisation of the Savings Banks Finance Group. It represents the Savings Banks, the Landesbank Groups, the regional building societies, public primary insurance groups, as well as DekaBank and other financial service providers. The DSGV represents the interests of these companies vis-à-vis the institutions of Germany's federal government and the European Union, as well as the public at large.

The Savings Banks Finance Group is not a consolidated group; it has no corporate centre. For questions regarding day-to-day operations, direct contact should be made with the specific Savings Bank or Landesbank concerned.

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→ dsgv.de/en/facts/publications-reports.html

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