



Finanzgruppe

Sparkassenstiftung für internationale Kooperation



Sparkassen –

Local Public Banks – More than an Option !

Dublin

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Savings Banks Foundation for International Cooperation

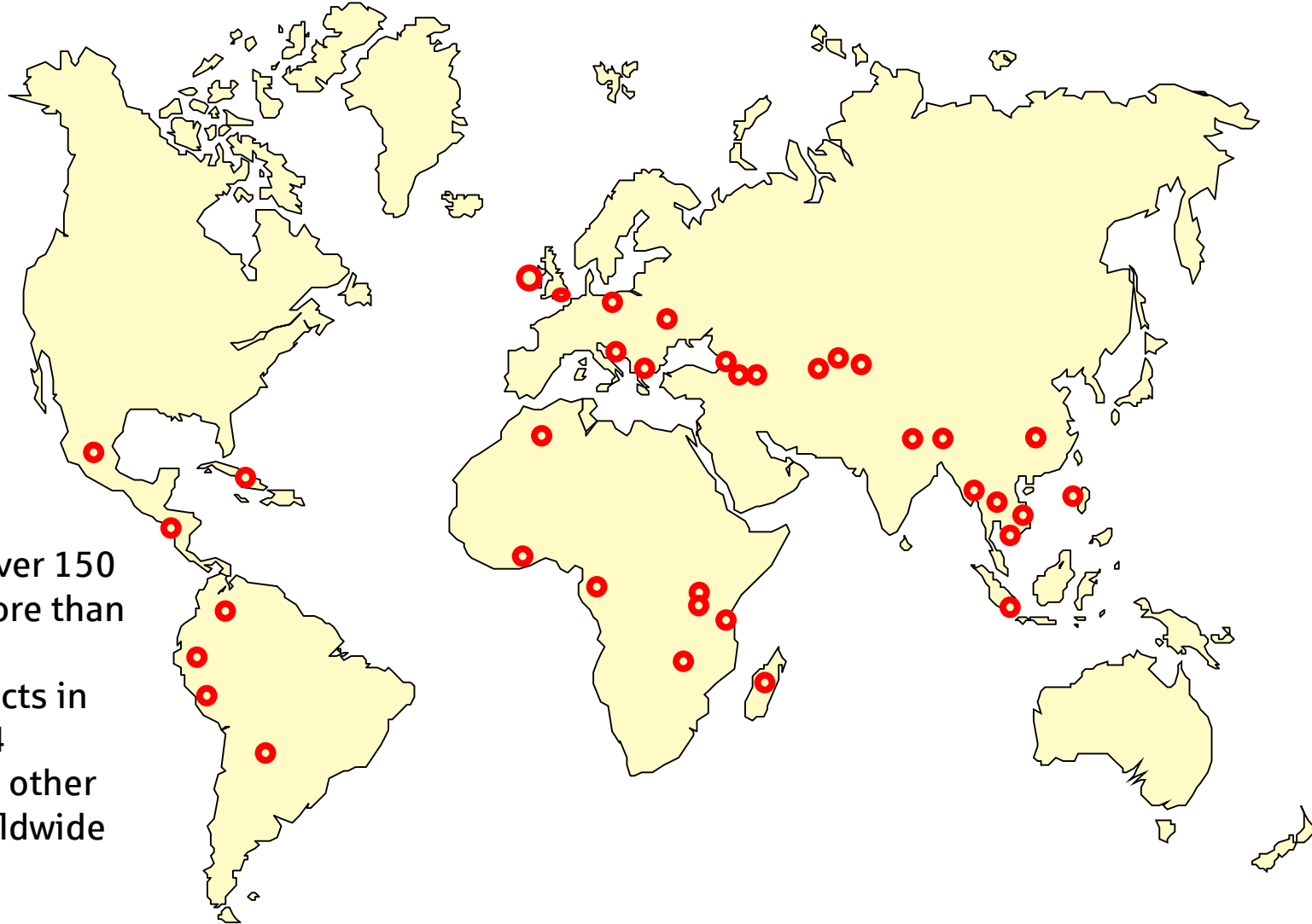
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International Cooperation: Savings Banks Foundation



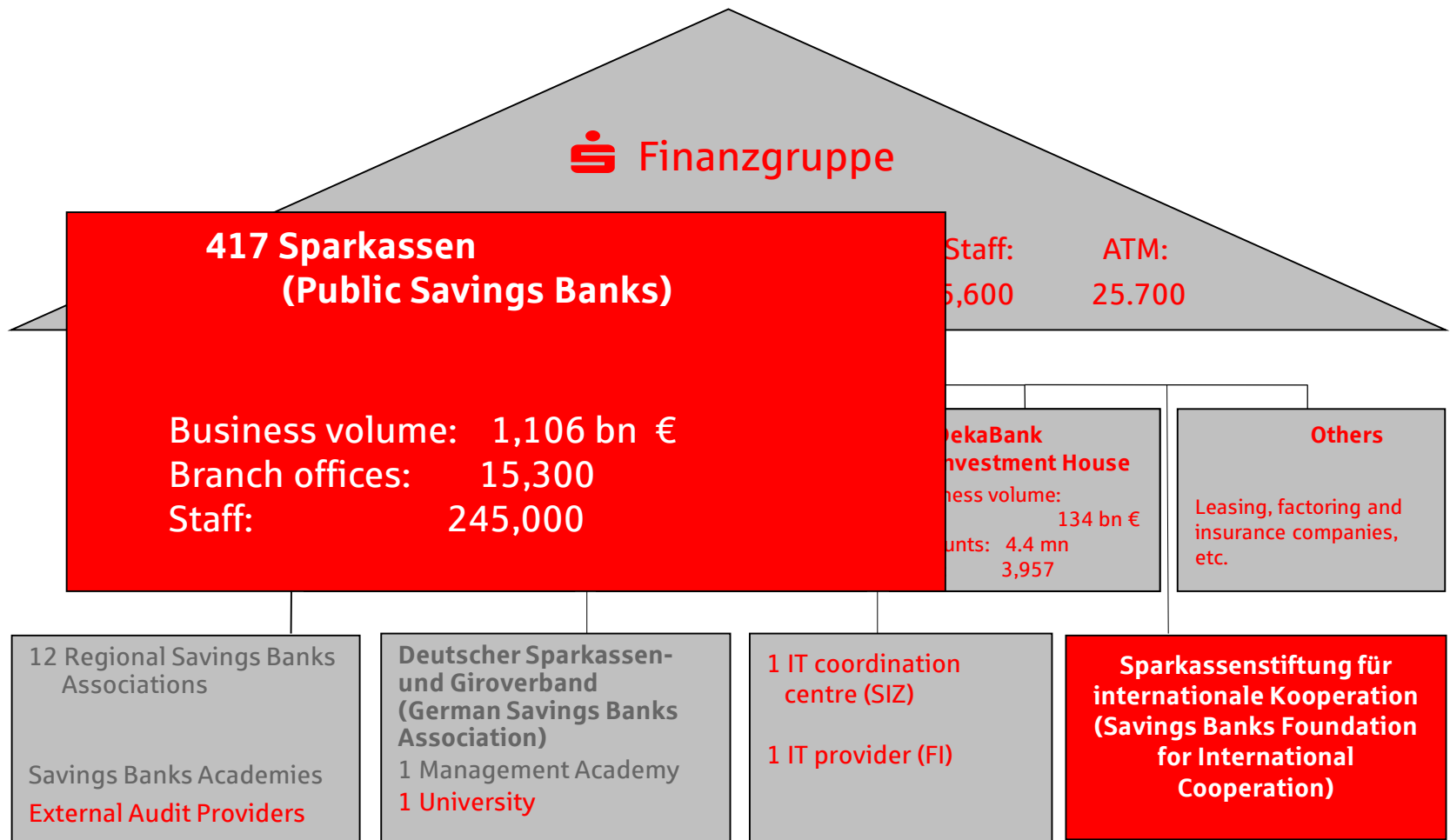
Since 1992: over 150 projects in more than 60 countries
today: 5 projects in the EU und 34 projects in 31 other countries worldwide

German Banking System

The three pillars of the German banking system

	Private commercial banks	Credit cooperatives	Sparkassen (public savings banks)
Origin	In the 19th century	In the 18th century	In the 18th century
Objective of foundation	Financing of trading companies and industry	Financial services for members and SMEs, esp. farmers	Financial service for low income people and SMEs
Orientation of interests	Shareholders, profit maximization – shareholder value	Member-oriented	public welfare and task-oriented –stakeholder value

Sparkassen – independent but integrated into the Savings Banks Finance Group



The Common Basis of the Group's Structure Ensures the Success of its Business Model

The Sparkassen Finance Group

Co-operation
within the Group

Decentralised Group
Structure

Operational
Efficiency

**Public Legal
Form**

**Municipal
Trusteeship**

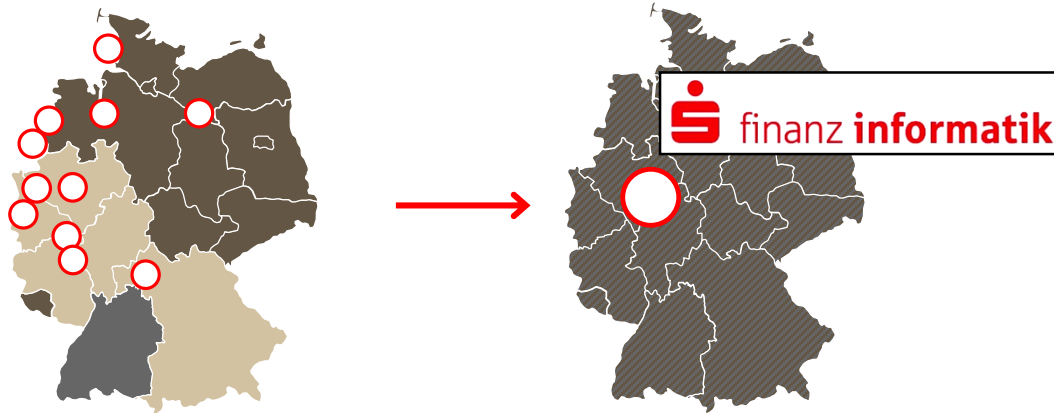
**Public Service
Obligation**

**Regional
Principle**

Consolidation of IT Service Providers: Efficiency and Reduction of IT Costs

Number of Sparkassen IT Service Providers

11 Service Provider until 1998 **1** Service Provider since 1.1.2008



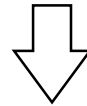
Result of consolidation process:

- IT support is standardised and extended,
- Economies of scale and further reductions in IT costs,
- Efficiency is further increased (faster roll-out of new products etc.)

The Sparkassen Model - Focus on real economy

**Germany:
Local businesses (esp. SME) are financed
by local banks:**

Cooperative Banks and Sparkassen



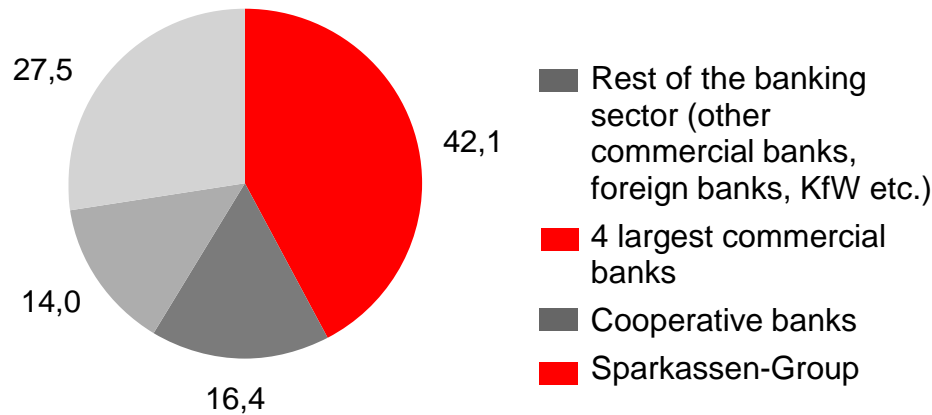
**Sparkassen have a 42% market share
of business financing**

70% market share in SME finance

Sustainability – Professionalism – Public Welfare

Sparkassen and Company Loans – No Signs of a Credit Crunch

Market Shares for Loans to Companies and Self-Employed* in %, 2012

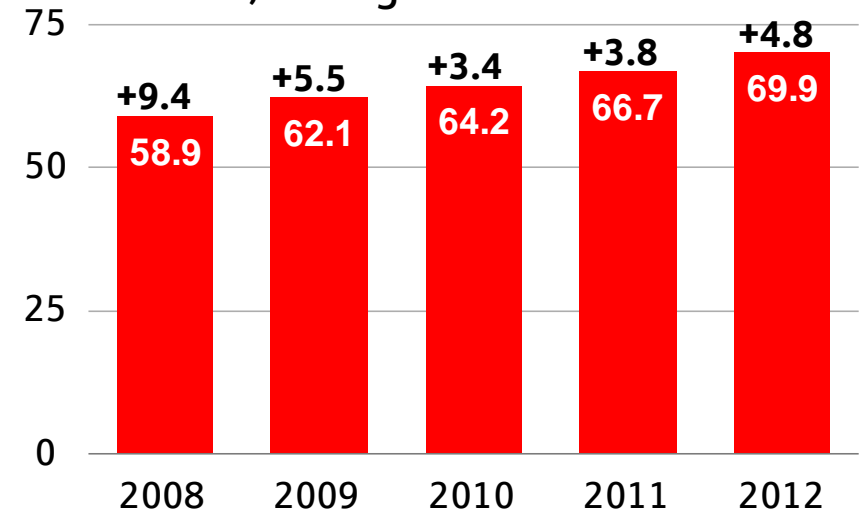


*Without commercial housing

Source: Bankenstatistik Deutsche Bundesbank and own calculations

Stand 31.12.2012

New loan commitments of Savings Banks to companies and Self-employed, in billion €, change in %



* Including residential construction; excluding other financial intermediaries and insurance corporations, source: Deutsche Bundesbank

Sparkassen: large and small, but independent !

Total volume of business is huge, **BUT**

Each individual Sparkasse can be relatively small

- smallest with total assets of Euro 130 mn
- largest with total assets of Euro 45 bn

Most of the 420 Sparkassen have total assets of around Euro 1 bn (average about Euro 2.4 bn)

ANYWAY: cooperation is the basis for sustainability

Sparkassen are close to their customers

Typical branch location



Sparkassen in Germany:

- 417 Savings Banks
- 245,000 employees
- 19,100 trainees
- 15,300 branch offices

Figures as of 31.12.2012

Sparkassen serve the Municipalities

Economic function...

- **Local employers** 245,000 employees, 19,000 Trainees
- **Local taxpayers** € 2.7 billion in taxes (2013)

... guaranteed by specific structural elements:

- **Public mandate:** non-discriminatory provision of financial services with appropriate conditions
for all citizens, particularly for SMEs
reinvestment of profits for local social commitment
- **Regional principle:** only branches within their business district,
loan activities focus on that district,
creating local business cycles

Special features of the German Sparkassen

The public mandate of German Sparkassen:

- part of the state laws and statutes
- nationwide supply with all kinds of financial services
- supply of SMEs with loans and other financial services
- motivation of a culture of savings and entrepreneurship
- ensuring a balanced regional economic structure

Regional Principle as an engine for regional economic development

- **Local deposits are transformed into local loans**
- Sparkassen are **taxed as local businesses**
- **Strong link with the local economy:** no speculative activities, no quick growth, „down to earth“ philosophy
- Customer proximity and knowledge of the regional market as a basis for **risk management**
- **Local staff** understands the local situation

mutual dependency between Sparkasse and its region !

Concept: Network of Local (Public) Banks

