

Facts and figures

Business performance in 2009

Sparkasse Herford experienced a satisfactory business trend in the first year following the Lehman bankruptcy and its implications. While we failed to reach our deposit-taking targets, our lending business was very positive. Earnings before valuation and risk provisions were up by 22.7 % on the previous year. Net profit for the year amounted to EUR 10.0 million.

Total assets and business volume

With customer deposits down by EUR 79.4 million, total assets declined by 2.2 % to EUR 4,513.2 million in 2009. On the assets side, this contrasted with a EUR 64.7 million increase in the loan portfolio (excl. guarantees). The business volume (total assets, contingent liabilities and customers' securities portfolios) rose by 0.9 % to EUR 5,649.3 million.

Lending business

Rising by 1.9 % (previous year: 0.8 %), the lending business (claims on customers, trust loans and guarantees) exceeded the projections made at the beginning of the year. Customer loans at the balance sheet date showed a more differentiated picture, however. The 1.0 % decline in claims on private individuals was offset by an increase in loans to the public and corporate sectors as well as self-employed borrowers. New business amounted to EUR 560 million (previous year: EUR 528 million), which represents an increase by 6.1 %. The percentage breakdown shows that lending continues to account for the most important part of Sparkasse Herford's interest-earning business.

Securities portfolio

The portfolio of own securities was up by EUR 122.1 million on the previous year to EUR 1,266.4 million. Bonds and notes accounted for EUR 81.5 million of the increase, while equities and other variable-rate securities accounted for EUR 40.6 million. Of the increase in equities and other variable-rate securities, an amount of EUR 25.0 million relates to shares in a special fund. Open-ended real estate funds increased by EUR 15.3 million.

Deposit-taking business

2009 saw the renaissance of the savings deposits. While the latter rose by EUR 374.2 million to EUR 1,384.5 million, term deposits dropped by EUR 500.6 million or 61.3 %. Most of the decline was attributable to private households. Holdings of sight deposits increased by EUR 293.1 million to EUR 1,065.6 million, while own bearer bonds declined by 62.3 %. As of the reporting date, customer deposits as a percentage of total assets remained almost unchanged at 72.3 %.

Interbank business

Claims on banks declined by EUR 284.4 million to EUR 225.0 million and primarily consist of liquidity reserves held at other banks. The reduction should also be seen in conjunction with the decline in customer deposits. Liabilities to banks dropped by EUR 39.4 million to EUR 789.0 million.

Services business

The trend in Sparkasse Herford's services business was inconsistent in 2009. Revenues from securities transactions for customer account declined by 39.4%. In 2009, fixed-income securities accounted for more than 50 % of the sales revenues. In the life and pension insurance segment, the previous year's level was exceeded by far, while the result in the building society segment remained below the good level of the previous year, as the volume declined by about one third. The real estate segment repeated the good result of the previous year.

Human resources report

As of December 31, 2009, Sparkasse Herford employed 1,011 people including temporary workers (December 31, 2008: 1,010). 374 of them worked part-time, while 73 were trainees and apprentices (of whom 24 started their vocational training in 2009). Flexible working hour schemes again played an important role in 2009, as they allow high work loads to be handled effectively and give employees the chance to return to their jobs after the end of their parental leave.

Net worth position

Sparkasse Herford's equity capital (including the fund for general bank risks; before appropriation of the net profit for the year) amounted to EUR 370.8 million (previous year: EUR 347.3 million). The equity requirements of the German Banking Act were met at all times. Sparkasse Herford has a sound capital base for continued growth. Appropriate valuation allowances and provisions were established for credit risks and other obligations in keeping with the strict valuation standards of Sparkasse Herford.

Earnings position

The earnings position showed a positive trend in 2009. Net interest income remains Sparkasse Herford's most important source of income and increased by 5.1 % to EUR 109.9 million in 2009. At EUR 27.4 million, net commission income was slightly higher than in the previous year. Personnel expenses increased moderately from EUR 52.5 million to EUR 53.0 million, while tax expenses climbed to EUR 15.6 million. As had been expected, net profit for the year was on a par with the previous year at EUR 10.0 million.