

FACTS AND FIGURES

Business performance of Sparkasse Herford in 2011

Sparkasse Herford is satisfied with the year 2011. The savings banks' traditionally sustainable and solid business model has proven its worth in the current sovereign debt and financial market crisis. Accordingly, Sparkasse Herford was not directly affected by the crisis. Instead, it turned out to be a stabilising factor for the region. Total assets increased by 1.0 % or EUR 44 million to EUR 4,602 million in 2011. This is attributable to the increase in customer deposits, which rose by EUR 80 million. On the assets side, the loan portfolio (excl. guarantees) was reduced by EUR 59 million. The business volume declined by a moderate 1.0 % to EUR 5,667 million.

Lending business

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Securities portfolio

The portfolio of own securities declined by EUR 104 million to EUR 1,254 million as of the reporting date. Bonds and notes accounted for EUR 94 million of the increase, while equities and other variable-rate securities accounted for EUR 10 million. Special funds accounted for 88 % of the balance sheet value of shares and other variable-rate securities, up by 1 % on the previous year.

Deposit-taking business

Liabilities to customers plus certificated liabilities increased by EUR 80 million or 2.4 % as of the balance sheet date, which clearly exceeded the projected 0.9 %. In view of the uncertain interest rate trend in the money and capital market, our customers shifted their variable-rate savings deposits and demand deposits into Sparkassenbriefe and term deposits. The "5x5 Sparkassenbrief" launched in June has met with a good response. As of the reporting date, customer deposits as a percentage of total assets increased moderately to 74 %.

Services business

The trend in the services business was inconsistent in 2011. Revenues from securities transactions for customer account declined by 8 %. Fixed-income securities made the biggest contribution to revenues. Revenues in the life and pension insurance segment were slightly higher than in the previous year. Net commission income in the real estate segment was up by as much as 31.7 % on the previous year. The result in the building society segment remained below the excellent level of the previous year, though.

Human resources report

The expertise of our employees is key to excellent service and high-quality advice. As of December 31, 2011, Sparkasse Herford employed 1,001 people including temporary workers, 381 of them worked part-time, while 72 were trainees and apprentices. Staff-oriented conditions helped us to keep employee satisfaction at a high level, which, in turn, contributed to high customer satisfaction.

Net worth position

Sparkasse Herford's equity capital totalled EUR 424.6 million (previous year: EUR 393.8 million). Besides the revenue reserves, Sparkasse Herford has further equity components as defined in the German Banking Act (KWG) and appropriate undisclosed reserves. 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

Net interest income remains the most important source of income. It was up by a moderate 2.6% on the previous year to EUR 113 million in 2011. Overall, earnings in 2011 were on a par with the previous year. Risk provisions continue to be of great importance for total earnings and were also more or less on a par with the previous year in 2011. Personnel expenses climbed from EUR 50.7 million to EUR 52.1 million.

At EUR 58.7 million, earnings before valuation and risk provisions exceeded our expectations of EUR 51 million. Tax expenses stayed at the prior year level of EUR 15.7 million. Net profit for the year amounted to EUR 10.1 million, which was also on a par with the previous year. We had projected a net profit of EUR 8.0 million.