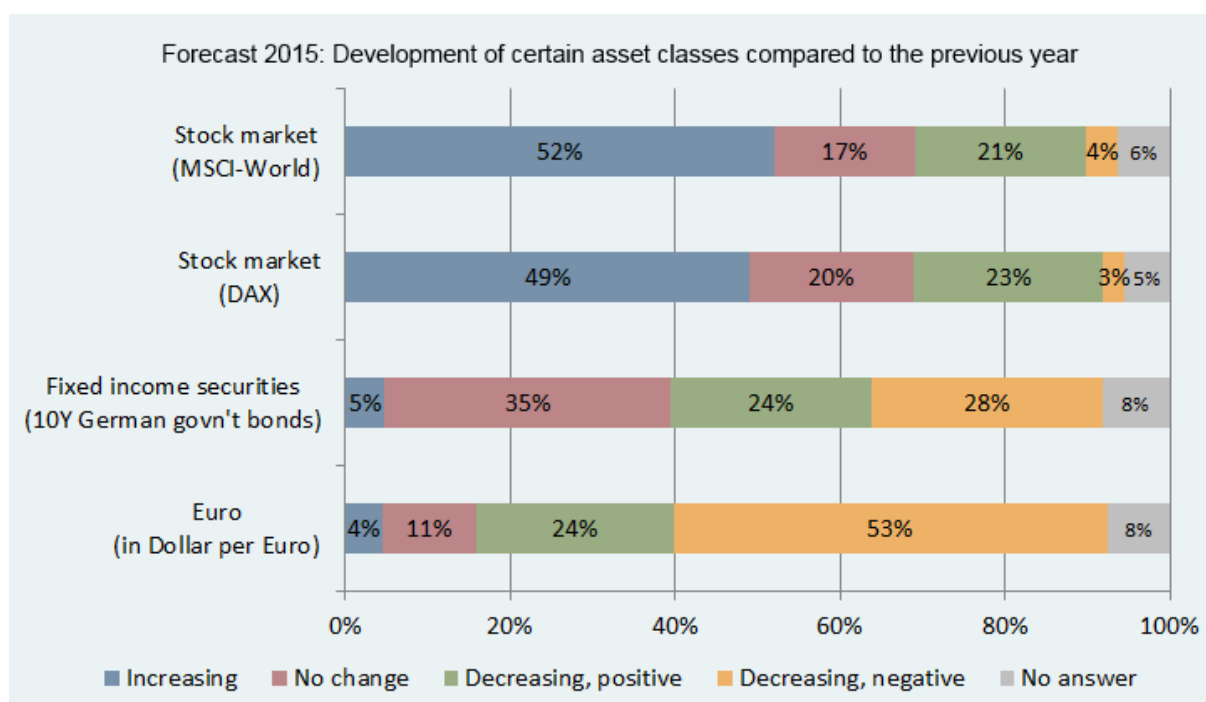


Press release

Increasing returns on shares expected

Survey: Financial industry anticipates negative development of headcount in 2015 / Asset and wealth management predicted to be the most profitable business area

FRANKFURT, 26 January 2015. In a forecast for the development of certain asset classes in 2015, almost half of the survey participants are convinced that returns on shares (MSCI-World and DAX) will go up. This is the result of a survey conducted by the Center for Financial Studies (CFS) among high-ranking representatives of financial institutions and service providers at the German financial center. However, respondents are pessimistic about the development of returns on fixed income securities (10-year German government bonds) and about currency investments in euro (dollar per euro) for the current year.



Negative development of retail banking predicted

With regard to the development of earnings and profitability in certain business segments in the banking sector in 2015, survey participants rank the given segments in the same order as in the forecast for 2014: Asset and wealth management, followed by investment banking, corporate and retail banking. The respondents particularly expect an improvement in the segment of asset and

wealth management (40%) and in investment banking (28%). At the same time, 33% of survey participants anticipate a negative development of retail banking.

“The remarkably low earnings forecast for retail banking in the current year, even weaker than in the previous year, leads one to expect that especially in this segment pressure for reform will grow,” Professor Jan Pieter Krahnert, Director of the Center for Financial Studies and academic head of the survey, says.

Reduction in headcount in the banking sector likely

Looking at the whole year 2015, a majority of survey participants (64%) expects business volume (total assets plus contingent liabilities) to remain unchanged or to increase for the entire German banking sector compared to the previous year. 61% of respondents anticipate that earnings will remain on the same level as in the previous year or will increase. A majority (66%) of participants considers it likely that the headcount in the German banking sector will be reduced in the current year.

22% of the survey participants expect bank deposits from institutions outside the banking sector to rise during this year, while 24% expect a decrease. 33% assume no change here. With regard to deposits from banks at other banks, almost one third of respondents consider a decline compared to the previous year likely, 41% expect no change and only 4% predict an increase. 45% of survey participants report that claims from banks on non-banks will remain unchanged during this year compared to 2014. An increase or decline is anticipated by about 20% of respondents respectively.

The results are based on a quarterly survey, carried out by the Center for Financial Studies, among 400 decision makers in the German financial industry (return about 50% on average).

The Center for Financial Studies (CFS) conducts independent and internationally-oriented research in important areas of Financial and Monetary Economics, ranging from Monetary Policy and Financial Stability, Household Finance and Retail Banking to Corporate Finance and Financial Markets. CFS is also a contributor to policy debates and policy analyses, building upon relevant findings in its research areas. In providing a platform for research and policy advice, CFS relies on its international network among academics, the financial industry and central banks in Europe and beyond.

We express our thanks for financial support of the project to the Helaba Landesbank Hessen Thüringen.

For further information, please contact:

Sebastian Frontczak

Center for Financial Studies

House of Finance

Goethe University Frankfurt

email: frontczak@ifk-cfs.de

phone: +46 69 798-30043

www.ifk-cfs.de/cfs-index