

At home in Munich.

Annual Report 2010

 **Stadtsparkasse
München**

Die Bank unserer Stadt.



FACTS AND FIGURES 2010

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Data of Stadtsparkasse München

	IN MIO. EUROS	+/- COMPARED TO 2009
Balance sheet total	15,2	+0,0 %
Total loans receivable	9.501	+3,1 %
Total deposits		
(incl. own issues)	12.426	+1,6 %
Equity	940	+5,1 %
Earnings after tax	53	+0,0 %
Number of customers	800.000	

Employees of Stadtsparkasse

	NUMBER
Banking employees	2.497
Employees in training	278

Floor-Rating of S-Finanzgruppe

Dominion Bond Rating Service	A (high)
	(confirmed 05/2011)
Moody's	Aa2
	(confirmed 05/2011)

Presence of Stadtsparkasse München

	NUMBER
Branches	91
Self-service branches	53
ATMs	179
ATM deposit machines	43
Service terminals	341
Coin machines	33
Competence and advice centers	47

Social commitment for Munich

	IN MIO. EUROS
Amount of sponsoring by Stadtsparkasse and its foundations	5,2
	NUMBER
Sponsored projects	276
Donations, sponsoring, distributions of foundation capital	
	IN MIO. EUROS
Total foundation assets	29
Distribution of profits to the city of Munich for charitable profits	7,5
Total commitment	12,7

Annual Report 2010

EDITORIAL

WE FEEL AT HOME IN MUNICH.

There are many traditions in Munich. For instance, there is the famous Oktoberfest, called “Wiesn” by Munich’s citizens, which celebrated its 200th anniversary in 2010 or Hellabrunn Zoo, which has been one of the most popular local destinations for family excursions for over 100 years. The promotion of innovation also has a very long tradition in the Bavarian capital. Munich citizens are proud of their heritage and traditions but are also always willing to embrace innovations and to integrate them into their view of the world and their city. This

is clearly discernible in the modern architecture and in the lively cultural scene as well as in the flourishing economic life in the Bavarian metropolis.

At its Munich location, Stadtsparkasse München is also able to look back on a long tradition. But one does not continue to be successful by simply conserving old and tried traditions. We are successful by stressing values like closeness to our customers, fair consultations and a comprehensive offer of banking-related services. As a publicly-owned company profit and

growth are not our foremost concern. We hold values like ethically sound business behaviour, regionalism and security in high regard. Values which are more important now than ever. Maybe the reason why we have achieved sustained success and have been a solid partner for the city of Munich is that we work right where our customers live: in the heart of Munich.

The last business year was an extremely good one for Stadtsparkasse München. We were able to increase



From left to right: Adolf Strack (t), Dr. Thomas Grützmacher, Harald Strötgen (CEO), Joachim Ebener and Marlies Mirbeth

our operating results once again compared to the year 2009, which had been our best business year to date, and we will continue to make every effort to successfully continue our solid business strategy in the future.

This is why we would like to express our heartfelt thanks to our employees as well as to all Munich citizens who, as our customers, honour us with their trust.

Harald Strötgen

Dr. Thomas Grützmacher

Joachim Ebener

Marlies Mirbeth



REVIEW OF OUR SITUATION

2010

The global economy continued its recovery process in 2010 and managed to overcome recession surprisingly quickly. Nevertheless, the economic upswing was uneven and there were enormous differences as far as the different countries were concerned. The highest growth rates were seen in the newly industrialised countries of South America and especially Asia. Furthermore, these were the countries which had been least affected by the crisis. In many industrial nations on the other hand recovery is still slow. The countries which toppled headfirst into crisis by massive price declines in the real estate sectors coupled with excessive private or public debt have still not managed to fully recover from these burdens. The situation in the United States also remains critical. Although the American productive capacities have stabilized somewhat by now, this is mostly due to the extremely expansive American economic policy.

TENSIONS IN THE EUROZONE

Ireland, Portugal, Spain and especially Greece all have problems of varying degrees as far as high public deficits, low competitiveness, ailing banking systems and burst real estate bubbles are concerned. The risk premiums requested by the capital markets

for financing these countries rose dramatically in 2010. The European Union has supported these countries by building a safety net for the euro zone and by introducing long-term supportive measures. The European Central Bank has also intervened and bought government bonds for over 70 billion euros between May and December 2010.

Judging by its strong economic growth in the past year, Germany occupies a special position within the world economy. However, it had suffered a major setback during recent recession times due to the export-based nature of its economy. Germany's gross domestic product had declined by 4,7 percent in 2009. The real economic growth by 3,6 percent in 2010 is therefore enormous. The recovery process in Germany has thus unfolded in a much swifter and stronger way than was expected a year ago.

IMPULSES FROM FOREIGN TRADE

The decisive growth impulse came once again from the export sector. However, this was not only a recovery in the field of merchandise trading with other industrial nations. Germany's export economy additionally profits to a great extent from its orientation

towards capital goods which are in especially high demand in the dynamically growing newly industrialised countries. Export to these countries rose above the levels it was at before the recession in 2010. In the second half of 2010 the growth trend shifted more and more towards the national economy. Of the 3,6 percent of the total economic growth 2,5 percentage points were due to growth in the domestic economy. Private consumption as well as investment activities rose sharply. The savings rate – i.e. the percentage in private savings of available household incomes in 2010 – was 11,4 percent. This marks a rise of 0,3 percentage points.

THE LABOUR MARKET AS SUCCESS STORY

An important factor explaining the rising propensity to consume in 2010 was the fact that the labour market remained stable. Due to the swift economic recovery, most companies who had introduced government-funded short-time work programmes returned to their normal working schedules. The workforce increased in number, which is not only remarkable if compared to international workforce developments but also in regard of the trends Germany experienced in past recession cycles. In 2010



40,5 million people worked in the German economy, which is more than ever before.

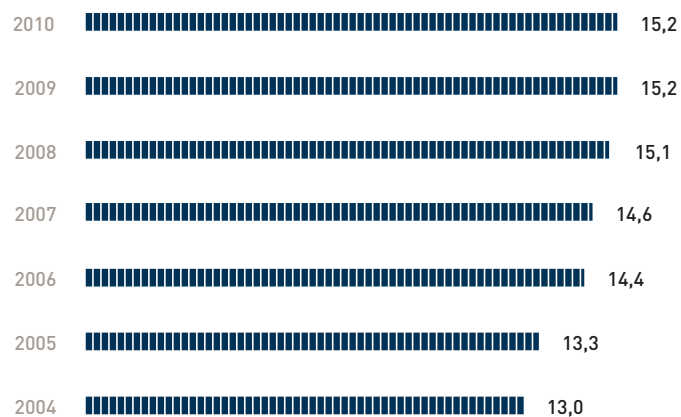
The consumer prices rose by one percent on average in 2010. Germany's inflation rate was about a half percentage point lower than in the euro zone on average. From the point of view of the European Central Bank (ECB) the rise in consumer prices was in range of the target level of "under but close to two percent". Fiscal policies continued to have a stimulating effect in 2010: various components of the economic stimulus packages many countries introduced in 2009 still had a positive impact in 2010; this was also the case in Germany. The fact that tax revenues continued to recover markedly in 2010 made larger new borrowings unnecessary.

BAVARIA BOOMS

Bavaria looks back on an outstandingly successful business year 2010. The Bavarian economic performance increased by 3,2 percent in the first six months of 2010. This positive economic development in turn led to higher turnover rates in Bavarian industry (turnover increased by twelve percent from January to October) and is mainly due to a prospering export sector (increase of 20,1 percent in November

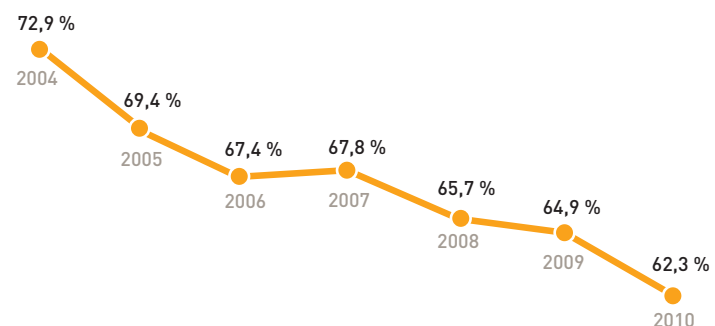
DEVELOPMENT OF THE BALANCE SHEET TOTAL

IN BILLION EUROS



DEVELOPMENT OF THE COST INCOME RATIO

IN %





2010 compared to 2009). The automotive and supplying industries were especially successful, as were the electrical and electronic sectors. The pharmaceutical industry and the hospitality sector also did well. With a capacity utilisation of 82 percent the standard value of 85 percent was within reach. At the same time Bavarian companies invested massively. There were also discernible positive developments in the trade sector. New standards concerning energy-effectiveness in buildings led to a large number of redevelopment measures in the building sector. All in all, Bavarian industry seems to have profited from government programmes to facilitate investments, from the first and second economic stimulus packages as well as from the Bavarian safety net for small and medium-sized enterprises.

Large parts of the free state of Bavaria are approaching full employment. 64 of the 96 Bavarian districts and urban districts have unemployment rates of under 4 percent, 34 of those even under 3 or 2. Young professionals (under 20 years of age) have very good opportunities on the labour market and among these groups, unemployment rates are particularly low at 1,7 percent. In late 2010 the Munich labour market was robust. The number of people without jobs decreased by

5,600 persons to 53,000 persons as compared to the year before. The unemployment rate therefore decreased by 0,6 percentage points to 4,3 percent in comparison to 2009.

Every three months the German Federal Bank commissions an inter-bank survey about the economic situation in the Bavarian financial sector. The assessment of the banking institutions about the state of business has continued to improve in the last quarter of 2010 and has almost reached the level it had before the financial crisis hit in 2007. This optimistic outlook is mainly due to a decreasing need for value adjustments. But there was also progress in the operative business. The business prospects for the Bavarian banks had again reached a very high level in late 2010.

HIGH DEMAND FOR SAFE AND LOW-RISK INVESTMENTS

As bank for all Munich citizens Stadtsparkasse München in cooperation with its partners in the Sparkassen financial group offers its customers a comprehensive range of products, which is being continually modified and adjusted to the needs of the customers. Due to the continued low interest levels in 2010, real estate, in the form of capital investment or for

people to live in, remained an attractive investment. Because of our good market position and the above mentioned advantageous financing conditions we were able to increase our results for new construction loans by 23,3 percent compared to 2009, altogether reaching a volume of more than 1,2 billion euros. The volume of LBS building savings contracts newly entered into in 2010 rose by about ten percent to 432 billion euros. Especially because interest rates are expected to rise, building savings contracts proved to be an expedient savings possibility in order to secure cost-effective building financing.

In order to satisfy our customers' demand for safe and low-risk investments we have included additional products in our product portfolio, for example the savings products "Zinsmarkt-Festgeld" or "ExtrazinsDirekt".

STADTSPARKASSE ABLE TO INCREASE RESULTS SIGNIFICANTLY

Due to the positive performance of our bank, we were able to increase our results once again in comparison to 2009, which had hitherto been our best business year to date. We increased our operating results after depreciation and before changes in



the provision reserves by 24,1 million euros, that is 18,1 percent, to 157 million euros in 2010. This corresponds to a return on equity of 12,1 percent before taxes.

The credit volume increased by 3,1 percent to 9,5 billion euros. Customer deposits also increased by 1,6 percent to 12,4 billion euros; deposits by private customers reached 10 billion euros for the very first time in the history of our bank. With an average balance sheet total of 15,2 billion euros we remain Germany's fifth largest Sparkasse.

We were able to achieve these good results again with our core business (customer deposits, real estate financing, commercial loans to small and medium-sized enterprises). Our interest surplus increased by 4,3 percent to 330 million euros. Provisions contributed 79 million euros to the operating results, increasing by five percent compared to 2009.

As far as our costs, predominantly administrative costs, were concerned, we were able to effect a reduction by 2,6 percent in 2010. The staff costs also include an unsolicited bonus payment to all of our employees, which was paid out in December 2010. Stadtparkasse München paid 4,3 million euros altogether to its about 2,500 employees and 280 employees in training and thereby thanked them all for achieving such good results.

SHAREHOLDINGS

AS OF DECEMBER 31, 2010

SUBSIDIARIES

S-VersicherungsService der Stadtparkasse München GmbH

S-Immobilien-Service der Stadtparkasse München GmbH

SHAREHOLDINGS IN COMPANIES OF S-FINANZGRUPPE

Via Sparkassenverband Bayern, the association of Bavarian savings banks:

- Bayern LB Holding AG mit LBS Bayerische Landesbausparkasse
- Versicherungskammer Bayern (insurance company under public law)
- DekaBank Deutsche Girozentrale

S-Immo-Beteiligungs-GmbH & Co KG

Deutsche Sparkassen Leasing AG & Co. KG

S-Partner Kapital AG

S Broker AG & Co. KG

SIZ Informatik-Zentrum der Sparkassenorganisation GmbH

Bayern Card-Services Beteiligungs GmbH & Co. KG

S Country Desk GmbH

IZB SOFT Verwaltungs-GmbH & Co. KG (with holdings in, among others, Finanz Informatik GmbH & Co. KG and Deutsche Service-gesellschaft für Finanzdienstleister – DSGF)

Unterbeteiligung am Kommanditkapital des DSGV ö.K. an der Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG (with holdings in Landesbank Berlin Holding AG)

FURTHER SHAREHOLDINGS

MFG Flughafen-Grundstücksverwaltungsgesellschaft mbH & Co. BETA KG

Versicherungs- und Beteiligungsgesellschaft bayerischer und rheinland-pfälzischer Sparkassen mbH & Co. KG (with holdings in Versicherungskammer Bayern)



Thanks to our solid business development we were able to distribute parts of our profits to our owner, the Bavarian state capital of Munich, for the fifth year in a row. We were also able to once again increase the distributed amount. In 2009 Munich received six million euros and for the business year 2010 the city treasury will receive 7,5 million euros. This sum is used exclusively for charitable purposes by the city of Munich.

We increased our reserve funds by about 46 million euros to 940 million euros. Especially in light of the new and increased future equity requirements under Basel III we are in the fortunate position to be able to create an extremely sound basis for our future.

After adding 20 million euros to our provision reserves and paying 42 million euros in taxes (in 2009: 40,5 million euros) our operating income for the year 2010 was 53 million euros.

ECONOMIC CYCLE IN THE PROCESS OF STABILIZATION - GERMANY REMAINS GROWTH ENGINE*

The Ifo world economic climate indicates a weakening of the world economic dynamics. The economic upswing is now slowing down again after a period in which catch-up effects were predominant. The Ifo institute predicts a slower and more

fragile development, especially in the peripheral European countries. These countries could pose risks for the overall stability of the financial markets and the European institutions.

For 2011 the expert advisory board, the OECD and the Ifo institute predict growth rates of 2,2 to 2,5 percent of the German gross domestic product. Growth is based mainly on low interest rates, a rising willingness to invest and good market opportunities for companies, increasing job security, stable income perspectives and rising private consumption. The growing importance of domestic economy underlines the role of Germany as driving force of European growth.

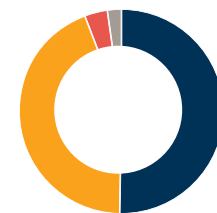
Against the background of a stable, self-supporting economic upswing we expect financial and monetary policies to promote fiscal consolidation. Uncertainties concerning the prognosis of German economic development could arise from possible state, financial and currency crises as well as from the development of the real estate markets in the US and China.

STADTSPARKASSE EXPECTS GROWTH IN SELECTED SECTORS

Planning ahead to the year 2012 we expect our balance sheet total to rise due to increases in our customer business. We wish to achieve profitable growth

LOAN STRUCTURE

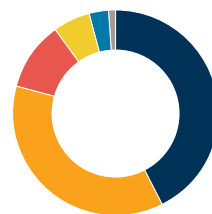
IN PERCENT // BUSINESS YEAR 2010



- 50 % Private customers
- 44 % Companies and self-employed persons
- 4 % Public authorities
- 2 % Other debtors

STRUCTURE OF CUSTOMER DEPOSITS

IN PERCENT // BUSINESS YEAR 2010



- 43 % Current and call money accounts
- 36 % Savings deposits at higher interest rates
- 11 % Fixed term deposits
- 6 % Savings deposits at normal interest rates
- 3 % Sparkassenbriefe (bonds issued by Sparkasse)
- 1 % Bearer bonds



in selected customer sectors, products and markets. The intended increase in the customer loan business is higher than increases in the deposit sector so that the equity-to-loans ratio will improve. These plans take our credit risk strategy and a risk-conscious extension of the credit business in the private as well as in the corporate customer sectors into consideration. As we have done in the past, we will proceed with the utmost caution in sectors that are especially sensitive to cyclical fluctuations in the financial markets.

Altogether we expect a stable interest surplus in conjunction with rising interest levels in the forecasting period. In our financial planning, we have already taken into account the changes in the Basel interest rate shock (+/- 200 basis points), which were announced by the German banking supervision. Depending on the actual interest rate development the results from customer business on a pro rata basis and from qualitative asset transformation are subject to change.

By unlocking extant customer and market potentials we wish to increase our provision surplus. We expect the sectors of insurance/old-age and health provision and building savings to grow slightly. We expect larger growth rates in the securities business, should the recovery process on the stock markets continue. How-

ever, we expect provisions to fall in the field of monetary transactions due to the new regulations for the use of automated teller machines.

In addition to new developments in our customer business we also aim to improve the returns on our own investments. Negative effects resulting from our participations, known to us already, have been taken into consideration in our financial planning.

CUTTING COSTS WITH “LEAN MANAGEMENT”

It is our goal to stabilize administrative costs in the forecasting period, even though we expect tariff increases and slight inflation. In order to effectively improve our cost management, we have launched a new in-house project entitled “Lean Management”, which is supposed to increase productivity and avoid a further increase in expenses.

Based on the assumption that interest levels will rise in the forecasting period, we expect slightly negative rating results for securities and in the customer loan business. We are positive, however, that due to our medium-term financial planning we are going to be able to guarantee sufficient liquidity at all times in the forecasting period until 2012. In today’s view, we are well prepared to deal with new developments in

the field of customer relations and markets, investment strategies and risk policy; in addition, we have already introduced a number of new measures to help pave the way into the future. Should the financial situation continue to be as favourable for Stadtsparkasse München, we expect to achieve similar annual results in the forecasting period as in 2010. Continually developing and optimising Stadtsparkasse München is an integral part of our business strategy. Stadtsparkasse München is well placed to cope with the challenges of the future. The stability of the assets, income and financial situation of our institution is guaranteed for the entire forecasting period.

** All forecasts and financial planning of Stadtsparkasse München for the next two years are based on the information available at the time when this report was written. There may be risks and uncertainties in connection with the statements made in this report. Therefore it is possible that the actual results and developments will differ significantly from the results and developments currently expected.*

Issuance of Pfandbriefe according to the ÖPG, the German act on publically covered bonds

Issues until 31.12.2010

INFORMATION ABOUT THE AGGREGATE AMOUNT

Aggregate amount of our Pfandbrief issues acc. to the ÖPG

● Aggregate volume of the Pfandbrief in circulation (in million €)

● Overall cover pool¹ (in million €)

Over-collateralisation (in %)

	Nominal value		Present value		Risk-adjusted present value ² (+250 bp)		Risk-adjusted present value ² (-250 bp)	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Aggregate volume of the Pfandbrief in circulation (in million €)	150,00	150,00	153,35	155,38	150,08	148,52	156,77	160,50
Overall cover pool ¹ (in million €)	167,94	171,26	175,66	182,07	170,99	173,34	180,59	188,95
Over-collateralisation (in %)	11,96	14,17	14,55	17,18	13,93	16,71	15,19	17,73

¹ The cover pool does not include financial derivatives or other assets as defined in Section 20 Paragraph 2 Number 2 of the German PfandBfG

² Using statistical procedures outlined in the German PfandBarwertV

INFORMATION ABOUT THE TERM STRUCTURE

Term structure of our Pfandbrief issues acc. to the ÖPG

Term structure of the circulation of the Pfandbrief (in million €)

Term structure of the fixed interest rate periods of the cover pool (in million €)

Term structure of the circulation of the Pfandbrief (in million €)

Term structure of the fixed interest rate periods of the cover pool (in million €)

	RLM* ≤ 1 year		1 year < RLM ≤ 2 years		2 years < RLM ≤ 3 years		3 years < RLM ≤ 4 years	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Term structure of the circulation of the Pfandbrief (in million €)	150,00	0,00	0,00	150,00	0,00	0,00	0,00	0,00
Term structure of the fixed interest rate periods of the cover pool (in million €)	72,15	0,00	95,79	73,34	0,00	97,92	0,00	0,00
	4 years < RLM ≤ 5 years		5 years < RLM ≤ 10 years		RLM > 10 years			
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09		
Term structure of the circulation of the Pfandbrief (in million €)	0,00	0,00	0,00	0,00	0,00	0,00		
Term structure of the fixed interest rate periods of the cover pool (in million €)	0,00	0,00	0,00	0,00	0,00	0,00		

* RLM = remaining life to maturity

STRUCTURE OF THE COVER POOL

Assets included in the cover pool according to countries and debtor categories (in million €)

	Federal authorities		Regional authorities		Local authorities		Other debtors	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Federal Republic of Germany	4,00	4,00	25,00	25,00	73,94	77,26	65,00	65,00
Other countries	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
→ Aggregate volume of assets in the cover pool	167,94				171,26			

OVERVIEW OF THE ASSETS IN ARREARS

Assets in arrears according to countries and debtor categories (in Mio. €)

	Federal authorities		Regional authorities		Local authorities		Other debtors	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Federal Republic of Germany	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other countries	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
→ Overall volume of assets due for more than 90 days	0,00				0,00			

Issuance of Pfandbriefe according to the PfandBG, the German act on covered bonds

Issues from 31.12.2010

INFORMATION ABOUT THE AGGREGATE AMOUNT

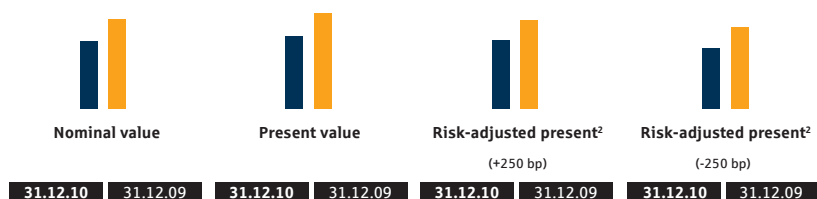
Aggregate amount of our Pfandbrief issues acc. to the PfandBG

● Aggregate volume of the Pfandbrief in circulation (in million €)

● Overall cover pool¹ (in million €)

Over-collateralisation (in %)

Secured over-collateralisation according to § 4 PfandBG (in %)



¹ The cover pool does not include financial derivatives or other assets as defined in Section 20 Paragraph 2 Number 2 of the German PfandBG ² Using statistical procedures outlined in the German PfandBarwertV

INFORMATION ABOUT THE TERM STRUCTURE

Term structure of our Pfandbrief issues acc. to the PfandBG

Term structure of the circulation of the Pfandbrief (in million €)

Term structure of the fixed interest rate periods of the cover pool (in million €)

Term structure of the circulation of the Pfandbrief (in million €)

Term structure of the fixed interest rate periods of the cover pool (in million €)

	RLM* ≤ 1 year		1 year < RLM ≤ 2 years		2 years < RLM ≤ 3 years		3 years < RLM ≤ 4 years	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Term structure of the circulation of the Pfandbrief (in million €)	0,00	0,00	20,00	0,00	250,00	20,00	0,00	250,00
Term structure of the fixed interest rate periods of the cover pool (in million €)	1,73	0,00	72,36	0,00	83,00	75,75	40,00	83,00

	4 years < RLM ≤ 5 years		5 years < RLM ≤ 10 years		RLM > 10 years	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Term structure of the circulation of the Pfandbrief (in million €)	0,00	0,00	0,00	0,00	0,00	0,00
Term structure of the fixed interest rate periods of the cover pool (in million €)	159,00	40,00	0,00	159,00	0,00	0,00

* RLM = remaining life to maturity

STRUCTURE OF THE COVER POOL

Assets included in the cover pool according to countries and debtor categories (in million €)

	Federal authorities		Regional authorities		Local authorities		Other debtors	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Federal Republic of Germany	10,00	10,00	0,00	0,00	48,59	50,25	297,50	297,50
Other countries	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
→ Aggregate volume of assets in the cover pool	31.12.10				31.12.09			
	356,09				357,75			

OVERVIEW OF THE ASSETS IN ARREARS

Assets in arrears according to countries and debtor categories (in million €)

	Federal authorities		Regional authorities		Local authorities		Other debtors	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Federal Republic of Germany	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other countries	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
→ Overall volume of assets due for more than 90 days	31.12.10				31.12.09			
	0,00				0,00			

Balance sheet at 31 December 2010

ASSETS (amounts in thousands of euros)*			31.12.2010	31.12.2009
	TEUR	TEUR	TEUR	TEUR
1. Cash reserve				
a) Cash in hand			80.691	81.713
b) Balance with Deutsche Bundesbank			486.003	434.505
			566.694	516.218
2. Debts of public bodies and bills of exchange which are admitted for refinancing at the Deutsche Bundesbank				
a) Treasury bills and non-interest-bearing treasury bonds as well as related debts of public bodies			0	0
b) Bills of exchange			0	0
			0	0
3. Debts receivable from credit institutions				
a) payable daily			36.479	35.301
b) other debts receivable			1.922.624	1.542.785
			1.959.103	1.578.085
4. Debts receivable from customers				
thereof: secured by mortgages	5.578.174			(5.262.919)
loans to local authorities	665.909			(621.625)
5. Bonds and other securities with a fixed interest rate				
a) Money market securities				
aa) by public issuers			0	0
thereof: eligible as collateral at the Deutsche Bundesbank	0			(0)
ab) by other issuers		130.083		0
thereof: eligible as collateral at the Deutsche Bundesbank	105.124			(0)
			130.083	0
b) Loans and bonds				
ba) by public issuers		491.832		251.002
thereof: eligible as collateral at the Deutsche Bundesbank	491.832			(251.002)
bb) by other issuers		1.385.101		2.388.698
thereof: eligible as collateral at the Deutsche Bundesbank	1.374.985			(2.370.581)
			1.876.933	2.639.700
c) Own bonds			3.725	4.496
Nominal amount	3.624			(4.375)
			2.010.741	2.644.196
6. Shares and other non-fixed-interest securities				
			1.081.759	1.082.983
6a. Trading portfolio				
			0	—
7. Investments				
thereof: in credit institutions		308		(308)
in financial services institutions		5.555		(5.555)
8. Interests in group undertakings				
thereof: in credit institutions	0			(0)
in financial services institutions	0			(0)
9. Trust assets				
thereof: loans on a trust basis	1.248			(1.198)
10. Equalisation claims against public authorities including bonds resulting from the conversion of those claims				
			0	0
11. Intangible assets				
a) internally generated industrial property rights and similar rights and assets			0	—
b) acquired licences, industrial property rights and similar rights and assets as well as licences in and to such rights and assets			592	—
c) goodwill		0	—	—
d) payments in advance			0	—
			592	842
12. Tangible fixed assets				
			165.832	162.884
13. Other assets				
			112.004	260.711
14. Accruals and prepayments				
			5.471	7.204
TOTAL			15.172.479	15.222.310

* In order to facilitate representation, the balance sheet figures were rounded to thousand euro units. Sums calculated by adding rounded single figures may vary slightly from the total sums displayed here.

LIABILITIES (amounts in thousands of euros)*			31.12.2010	31.12.2009
	TEUR	TEUR	TEUR	TEUR
1. Liabilities to credit institutions				
a) payable daily			198.597	161.538
b) subject to an agreed term or period of notice			823.623	1.168.008
			1.022.220	1.329.546
2. Liabilities to customers				
a) savings deposits				
aa) subject to an agreed period of notice of three months		5.257.715		4.643.188
ab) subject to an agreed period of notice of more than three months		32.292		43.207
			5.290.006	4.686.395
b) other deposits (liabilities)				
ba) payable daily		5.311.692		4.818.532
bb) subject to an agreed term or period of notice		1.733.762		2.579.886
			7.045.454	7.398.418
			12.335.460	12.084.814
3. Debt securities in issue				
a) bonds issued			529.769	591.437
b) other debt securities in issue			0	0
thereof: money market securities	0			(0)
acceptances and promissory notes in circulation	0			(0)
			529.769	591.437
3a. Trading portfolio			0	—
4. Trust liabilities			1.248	1.198
thereof: trust loans	1.248			(1.198)
5. Other liabilities			35.936	22.416
6. Deferred income and accrued expenses			8.933	10.407
7. Provisions and reserves				
a) for pensions and related obligations			160.588	155.684
b) for taxes			14.170	11.326
c) other			115.406	114.959
			290.164	281.969
8. Special items including a reserve element			0	0
9. Subordinated liabilities			0	129
10. Profit participating rights capital			0	0
thereof: payable within two years		0		(0)
11. Fund for usual risks of banking business				
a) subscribed capital			0	0
b) capital reserve			0	0
c) revenue reserve				
ca) contingency reserve		908.749		860.471
cb) other reserves		0		0
			908.749	860.471
d) net profit for the year			39.999	39.923
			948.748	900.394
TOTAL			15.172.479	15.222.310
1. Contingent liabilities				
a) from bills sold and cleared			0	0
b) from bills sold and cleared			138.489	147.712
c) collateral provided for third party liabilities			2.029	1.812
			140.518	149.524
2. Other obligations				
a) repurchase obligations arising from security sale agreements			0	0
b) obligations arising from placements and underwritings			0	0
c) unqualified loan commitments			776.047	547.262
			776.047	547.262

Income statement 2010*

	1.1. – 31.12.2010		1.1.–31.12.2009	
	TEUR	TEUR	TEUR	TEUR
1. Interest income from				
a) lending and money market transactions		562.103		594.214
b) fixed-interest bearing securities and debt register claims		52.956		94.587
			615.058	688.801
2. Interest expenses			349.470	425.617
			265.588	263.184
3. Current income from				
a) shares and other securities which do not bear a fixed interest rate			15.295	21.519
b) investments			6.563	1.356
c) interests in group undertakings			0	0
			21.858	22.875
4. Income from profit pools and profit transfer agreements			6.861	6.152
5. Commissions receivable			84.150	80.273
6. Commissions payable			6.142	5.903
			78.008	74.370
7. Net financial income or expenses			271	3.017
8. Other operational income			40.723	56.071
9. Transfers from special tax-allowable reserves			0	0
			413.309	425.670
10. General administrative expenses				
a) Staff costs				
aa) Wages and salaries		125.129		121.765
ab) social insurance contributions and expenses for pensions and benefits thereof: for pensions	17.072	40.116		55.998
				(32.208)
			165.246	177.762
b) other administrative expenses			83.321	81.170
			248.567	258.932
11. Depreciation and amortisation of intangible and tangible fixed assets			15.297	23.860
12. Other operational expenses			21.308	21.648
13. Provisions for bad and doubtful debts and depreciation of specific securities			6.446	14.455
14. Reversal of provisions for bad and doubtful debts and appreciation of specific securities			0	0
			6.446	14.455
15. Depreciation and amortisation of investments, interests in group undertakings and securities recorded as fixed assets			15.558	12.341
16. Appreciation of investments, interests in group undertakings and securities recorded as fixed assets			0	0
			15.558	12.341
17. Expenses arising from the transfer of losses			0	0
18. Transfers to special tax-allowable reserves			0	0
19. Profit or loss on ordinary activities			106.133	94.433
20. Extraordinary income			0	0
21. Extraordinary expenses			10.399	0
thereof: transitional effects due to the German Accounting Law Modernization Act (BilMoG)	10.399			(—)
22. Extraordinary profit or loss			10.399	—
23. Taxes on income and profit			41.638	40.450
24. Other taxes not shown under item 12			797	760
			42.435	41.210
25. Profit for the year			53.299	53.223
26. Profit/loss brought forward from previous year			0	0
			53.299	53.223
27. Withdrawals from revenue reserves				
a) from contingency reserve			0	0
b) from other reserves			0	0
			53.299	53.223
28. Allocations to revenue reserves				
a) to contingency reserve			13.300	13.300
b) to other reserves			0	0
			13.300	13.300
NET PROFIT OF THE YEAR			39.999	39.923

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