2004

Management report
Balance Sheet
Profit ans Loss Account

The Annual Report of Sparkasse Saarbrücken is published in full in the Federal Official Gazette and carries the unqualified audit certificate of the auditing agency of the Sparkassen- und Giroverband Saar.

Sparkasse Saarbrücken

Economic development

After two years of stagnation, the German economy grew appreciably in 2004, with real gross domestic product rising by 1.6 percent. However, adjusted for the fact that there were more work days in 2004 than in the previous year, the growth rate actually dropped to 1.1 percent. Thus, the growth of the German economy remained below potential for the fourth consecutive year.

Germany primarily owes its economic growth in 2004 to strong exports. In fact, foreign trade alone contributed 1.1 percent to growth, with German exports hitting a new record last year in spite of the higher external value of the euro. Yet, these figures must also be placed in proper perspective: The fact is that the German economy has participated only to a limited extent in the greatest expansion in the global economy since 1976. According to OECD figures, exports grew less quickly than the demand of the most important importers. What is worrying from an economic point of view is that exports failed to spur domestic demand in the course of 2004. Thus, spending on plant and machinery rose by a meagre 1.2 percent, while construction spending contracted by 2.6 percent, marking the ninth consecutive year of a slump. The failure of any improvement in the job market and uncertainty surrounding the consequences of the reform process (health reform, Hartz IV) also took its toll on consumer spending, causing it to contract by 0.4 percent.

In 2004, the Saarland economy, which had shrunk by 0.8 percent in the previous year, returned to real growth of 1.9 percent according to preliminary calculations. This figure is above the national average for real growth of 1.6 percent. As a traditionally export-oriented region, Saarland benefited from the favourable performance of the global economy, with the automobile sector and the booming steel industry generating strong impetus. On the other hand, the sustained slump in construction exerted pressure.

In the course of 2004, there was a slight decline in the number of employees subject to compulsory social security particularly due to the loss of jobs in the manufacturing sector. On the other hand, the number of employees subject to compulsory social security in the services sector remained stable.

Business performance

Total assets and volume of business

	Actual 31. 12. 2004 EUR mn	Changes 2004 EUR mn	2004 %	2003 %
Volume of business[1]	5,985.9	71.9	1.2	0.0
Total assets	5,926.3	72.6	1.2	0.1

1) Total assets plus contingent liabilities

Compared with 2003, the volume of business and total assets were up by a satisfactory rate in 2004 primarily due to an increase in loans to banks and funds deposited by customers.

Lending business

including off-balance-sheet (Item 1) liabilities)

	Actual 31. 12. 2004 EUR mn	Changes 2004 EUR mn	2004 %	2003 %
Volume of loans to customers	2,989.9	./. 29.7	./. 1.0	./. 3.7
Loans to banks	1,229.1	159.8	14.9	./. 10.8
Investments in securities	1,455.6	./. 41.1	./. 2.7	10.0

Volume of loans to customers:

Sparkasse Saarbrücken granted new loans totalling EUR 236.3 million in 2004 (EUR 339.4 million in the previous year). Loans to customers contracted by EUR 29.7 million or 1.0 %. Current account receivables were down EUR 108.9 million (down 44.3%), while loans to public sector clients increased by EUR 63.6 million or 10.3%.

Loans to banks:

In 2004, loans to banks increased by EUR 159.8 million or 14.9 % over 2003. This was primarily due to an increase of EUR 112.7 million (29.5 %) in loans against borrowers notes.

Investments in securities:

The extension in average terms in our Custodian Account A initiated in earlier years has paid off. Trading volumes – buying, selling and maturity – came to a total of EUR 647.2 million. Part of our securities are held in several special-purpose funds. It is our intention to achieve value growth with assets managed by third parties giving due consideration to risk and return ratios.

Deposit-taking business

	31. 12. 2004 EUR mn	Changes 2004 EUR mn	2004 %	2003 %
Funds deposited by customers	4,130.6	57.6	1.4	4.2
Of which:				
Savings deposits	1,966.8	9.6	0.5	2.0
Uncertificated liabilities	1,903.7	84.4	4.6	13.2
Certificated liabilities	184.7	./. 8.5	./. 4.4	./. 30.3
Subordinated liabilities	60.1	./. 7.6	./. 11.2	11.2
Liabilities to banks	1,466.1	./. 10.2	./. 0.7	./. 10.7
Of which:				
Subordinated liabilities	16.5	./. 6.6	./. 28.6	./. 58.1

Liabilities to customers:

In 2004, funds deposited by customers rose by EUR 57.6 million (up 1.4%). This increase was largely underpinned by unsecuritised liabilities, which rose by EUR 84.4 million over the previous year.

Liabilities to banks:

Liabilities to banks declined by EUR 10.2 million or 0.7 % year on year (previous year: down 10.7%). This was due to a drop of EUR 313.0 million or 40.4% in term deposits. On the other hand, liabilities under open market transactions climbed by EUR 202.0 million or 64.9 %.

Services:

In combined business with LBS, we achieved favourable results, with mortgage savings business rising by 14.1 % compared with the volume recorded in 2002. Young people aged 25 years or younger accounted for a large proportion of the new contracts.

Insurance business surged by an extraordinary 65 % in 2004. This was related to the planned reduction in tax allowances for life insurance. In addition, roughly 900 contracts (previous year: 181 contracts) were arranged for the savings bank pension fund in connection with the company pension scheme.

Reflecting the difficult conditions prevailing on the real estate market, net agency income was down slightly. On the other hand, Sparkasse Saarbrücken's leasing business was well up on the previous year in 2004.

In the year under review, sales activities with respect to investment business continued to focus on fund-related asset management (saarINVEST). At the same time, capital-guaranteed structured bonds and certificates enjoyed growing popularity.

Turning to foreign business, Sparkasse Saarbrücken handled 26,000 outbound payments, i.e. close to the same volume as in the previous year, but achieved an increase of around 30% in revenues. Roughly 60 % of these payments concerned the European Union.

Trends in US exchange rates (31 December 2003: EUR/USD 1.2604 / 31 December 2004: EUR/USD 1.3639) resulted in a heightened volume of currency forwards in the course of the year as many importers made use of the favourable exchange rates for hedging their exposure. At 174, twice as many forward transactions were conducted as in 2002 and 2003 together.

Foreign notes and coins and traveller's cheque business generated stable earnings on a par with the previous two years.

Derivatives:

The range of derivatives products was widened with the addition of interest and DAX futures. These are used solely for hedging the Bank's own positions or for integrated bank management.

Staff and welfare matters:

The total number of employees increased by 6 to 1,355 in 2004. The Management Board continues to comprise four members.

23 trainees who successfully completed their courses were offered permanent positions at the Bank.

At EUR 66.1 million, personnel costs were unchanged in 2004.

Our staff are able to make use of attractive working time models ranging from variable and part-time arrangements to pre-retirement reduced working hours. At the end of 2004, a total of 80 employees had signed preretirement part-time working contracts.

Statement of results

Assets:

Compared with the association average, Sparkasse Saarbrücken's asset structure is characterised by a higher proportion of loans to banks and a smaller share of loans to customers.

In terms of funding, just on two thirds of business volume comprise liabilities to customers, marking a slight increase over the previous year.

Following a transfer from the accrued surplus still to be approved by the Supervisory Board, the safety reserve will stand at EUR 207.9 million, equivalent to an increase of 3.5 % over the previous year.

The Bank has a fund for general bank risks of EUR 35.0 million, which is assigned to equity capital. In addition, it has comprehensive supplementary equity components as well as unrealised reserves in the assets carried on its balance sheet (securities as well as land and buildings). Additional precautions have been taken pursuant to Section 340f of the German Commercial Code (HGB) to manage the particular risks arising from banking business.

At 11.9 %, the ratio of equity capital, measured according to Section 10 of the German Banking Act (KWG) in relation to the sum of risk-weighted assets and market risk positions as at 31 December 2004 substantially exceeds the minimum statutory requirement of 8 %. Assets are in an orderly condition and the basis for future business growth intact.

Assets

	EUR mn		Percentage of business volume	
	31. 12. 2004	31. 12. 2003	31. 12. 2004	31. 12. 2003
Volume of loans to customers	2,989.9	3,019.6	49.9	51.1
of which: Loans to public sector	679.6	616.0	11.3	10.4
Loans to banks	1,229.1	1,069.3	20.5	18.1
Investments in securities	1,455.6	1,496.7	24.3	25.3
Fixed assets	72.3	70.9	1.2	1.2
Other assets	239.0	257.6	4.0	4.4
Funds deposited by customers	4,130.6	4,073.0	69.0	68.9
Liabilities to banks	1,466.1	1,476.3	24.5	25.0
Other liabilities (including contingent liabilities and reserves)	146.3	129.9	2.4	2.2
Equity capital (including fund for general banking risks)	242.9	233.7	4.1	3.9

Financial position:

Sparkasse Saarbrücken's solvency during the financial year was guaranteed at all times in the year under review thanks to the well-planned, balanced liquidity provisions it had made. Short and medium-term plans, which contain details of maturities by month of cash invested and raised as well as forecasts on customer business derived using statistical methods from historical data, are used to monitor our liquidity.

If necessary, forecasts are backed up by historical and target figures in a further step. Major deviations are analyzed in monthly comparisons of target/actual figures and incorporated together with more recent data and information in the regular financial plans (forecast horizon).

Partial use was made of the credit facilities granted by Deutsche Bundesbank and SaarLB. Appropriate assets were maintained at the responsible central bank in order to comply with minimum reserve requirements. With effect as of the end of the financial year, a liquidity rating of 1.75 was calculated in maturity band I based on Principle II such that the liquidity level can be considered adequate both at the given point in time as well as for the 2004 financial year as a whole. Nor do the key figures to be calculated for further periods of observation (spans of up to twelve months) give any indication of any potential liquidity problems.

Looking forward, solvability will be safeguarded by the expected liquidity inflows as well as lending and funding possibilities.

Earnings:

Net interest income remains the most important source of earnings for the Bank. In 2004, it dropped by EUR 5.0 million to EUR 120.7 million.

This was due to a sharp decline in interest income relative to interest expenditure on account of sustained low interest rates.

Administrative expenditure increased only marginally by roughly EUR 0.6 million. The substantial increase in net other expenses was caused by provisions set aside to cover legal risks arising from lending business. This particularly caused result before provisioning to contract from EUR 39.6 million in the previous year to EUR 23.4 million.

Part of this decline was offset by an improvement of EUR 4.7 million in provisioning result.

After deducting taxes of EUR 5.6 million, Sparkasse Saarbrücken achieved net income for the year of EUR 9.2 million (previous year: EUR 11.1 million). This matches the medium-term target.

Earnings

Income statement:	2004 EUR mn	2003 EUR mn
Net interest income (including items 3 and 4 of the income statement)	120.7	125.7
Net commission income	18.6	18.4
Administrative costs a) Personnel costs	./. 66.1	./. 66.1
b) Non-personnel costs	./. 27.1	./. 26.5
Sub-total	46.1	51.5
Net income from financial transactions	0.4	0.4
Net other operating income / expenses	./. 23.1	./. 12.3
Result before provisioning	23.4	39.6
Net provisioning result	./. 8.6	./. 13.3
Result after provisioning	14.8	26.3
Extraordinary net income / loss	0.0	./. 1.3
Taxes	./. 5.6	./. 13.9
Net income and unappropriated surplus	9.2	11.1

Risk report

The conscious acceptance, active control and specific transformation of risks are core functions of banks. Due to the nature of the business in which our company is engaged, we are exposed to the following main risks:

- Counterparty default risks
- Liquidity risks
- Market price risks
- Operational risks

Risks in terms of future development that put the Bank's existing portfolio under threat or exert a major influence on its asset, financial or earnings position are currently not apparent. Our Bank has set up a risk management, monitoring and control system in accordance with Section 25a of the German Banking Act (KWG) that is appropriate to the nature and scope of its business activities.

The proper functioning of risk management is ensured by means of appropriate structures and procedures. For this purpose, management and monitoring activities are kept separate right up to the Board level. The Management Board holds overall responsibility for risk management including the definition of the risk strategy. The Bank's overall risk exposure is oriented to its ability to cover risk.

Counterparty default risks in lending business are considered to be such risks as constituted by payment commitments due to the bank that can only be partially met or not at all.

Our lending operations are managed with particular consideration being given to size class structure, the nature of the given industry, the collateral provided and the risk of the commitment concerned.

The Management Board attaches great importance to risk limitation in the Bank's customer lending activities. Testimony to this is the fact that a focus continues to be placed on quality i.e. risk-sensitive loan provision. Significant risks needing to be taken in some cases require the approval of the Bank's credit committee.

For loan risk monitoring purposes, Sparkasse Saarbrücken applies a rating method developed by Deutscher Sparkassen- und Giroverband that complies with regulatory requirements. When judging the creditworthiness of customers, the Bank makes use of other instruments (e.g. FERI Sector Rating) in addition to those systems the savings bank organisation offers (e.g. the EBIL program for individual balance7sheet analysis). These systems enable the individual loan risks to be limited while diversifying the loan portfolio risk.

Potential lending risks are mitigated by means of intensive management close to the market. Problem loans are handled at the back office level.

A global limit is set for trading transactions in order to keep counterparty default risks down to a minimum. The risk here is limited thanks to the careful selection of our contractual partners based on the rules for the examination of creditworthiness as well as the setting of limits per counterparty in the trading area. The tools used allow Sparkasse Saarbrücken to monitor counterparty default risks.

The main structural characteristics of the Bank's lending business are described in the quarterly risk report submitted to the Management Board as well as in regularly reports to the Supervisory Board.

The provisioning calculated in the period under review from ongoing earnings is sufficient to cover all discernible risks.

The **market price risk** encompasses such risks as are incurred when the market price of assets or financial investments develops to the disadvantage of the owner due to changes in the market situation or lack of market demand. Market price risks can lead to write-downs on the valuation cut-off date in the commercial balance sheet or to a reduction in the present value.

As far as trading transactions are concerned, loss risks from current market prices and potential market price changes (loss potential) are determined on a daily basis to establish the market price risk and are then set off against the upper loss limit that is set on the basis of the Bank's asset and earnings situation. In doing so, the loss potential is also determined and limited at an individual portfolio level.

The risks are quantified on the basis of a holding period of 10 days, a confidence level of 95 % and a historic observation period of 300 days by applying an approximated value-at-risk method based on the variance/co-variance concept. Back-testing is carried out regularly to check the system and the validity of the forecast values.

Moreover, we also differentiate between **risk management** and **risk controlling**. Our Bank's risk management system determines risk types, limits and structures. The risk controlling system we have implemented monitors the market price risks identified in terms of type and amount and provides daily reports to the various departments concerned and the management in accordance with the requirements with respect to trading transactions.

The limits assigned to individual segments are calculated cautiously. In the year under review, both the global limit for economic market price risk and the upper loss limit were complied with at all times.

The interest change risk as a part of the market price risk is also monitored regularly at the level of the overall interest book with the aid of risk analyses in accordance with the present value concept and brought to the attention of the Management Board on a monthly basis. The interest change risk is determined by applying a value-at-risk method based on a historic simulation with a holding period of 63 trading days, a confidence level of 95 % and a historic observation period of 12 years. In addition, the impact on the income statement is calculated in regular intervals on the basis of different interest and structural scenarios.

Exposure to interest change risk is adjusted to the Bank's risk viability.

Liquidity risk is considered to encompass such risks as are incurred when the Bank is no longer able to unconditionally meet its payment commitments. Term transformation means that considerable importance is attached to capital commitment terms on both the assets and liabilities sides. Depending on whether the liquidity risk is on the assets or liabilities side, we differentiate between

- asset-related liquidity risks (market liquidity risk, forward risk, call-up risk), and
- liability-related liquidity risks (market liquidity risk, funding risk, call-up risk)

The liquidity risk is allowed for by ensuring that sufficient liquidity is available for both assets and liabilities and that they are responsibly structured. Monthly fine-tuning is carried out on the basis of empirical values and the incorporation of all maturities occurring in a further 12-month period. No particular risks are expected to arise from the abolition of shareholder liability in 2005 thanks to our funding structures and resources.

Operational risks are defined as the risk of direct or indirect loss as a result of human failure, shortcomings in internal processes and systems as well as external events. Operational risks may be either legal or operating risks.

Legal risks are reduced by means of careful examination of contracts and the use of standard template contracts.

Operating risks in the IT field due to organisational or processing errors are minimised by concluding agreements with an external IT centre, increased automation and ongoing supervision carried out by qualified staff, and are covered in part by insurance.

On top of this, our internal auditing department carries out audits on a regular basis in order to reduce the risks mentioned. No findings of any significance impacting the Bank's asset, financial or earnings position have been made. Any suggestions put forward by the auditing bodies in respect of improvements are implemented without delay.

Outlook

The prospects for the German economy are generally considered to be muted for 2005. Although there is no threat of a downswing, there is little reason for hope that the weakness afflicting the German economy will be overcome once and for all this year. Most observers project moderate real growth of around one percent.

The reasons for the cautious forecasts are plain to see: The German economy is likely to have trouble repeating the high rate of growth achieved in 2004. Indeed, there is much evidence to suggest that the global upswing will lose momentum in 2005, with the US economy in particular set to grow more slowly than in the previous year on account of more restrictive fiscal policy and higher interest rates. Moreover, the negative effects of the strong euro will be amplified as time passes. Against this backdrop, domestic demand has become the decisive factor. Given the tight public sector budgets, there is little hope of any impetus from this front. In the private sector, at most only faltering signs of a recovery are coming into view. German consumers remain uncertain, with the bleak outlook for the job market, high energy prices and fears of higher taxes and levies in the future weighing heavily on consumer confidence. At the same time, companies' willingness to invest in Germany remains muted.

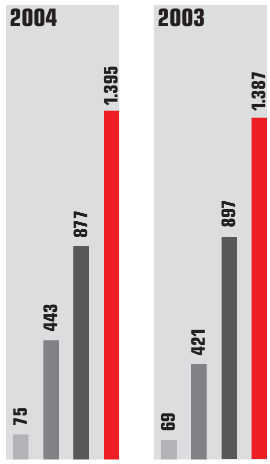
The outlook for the Saarland economy does not fundamentally differ from that for the German economy as a whole. Foreign business in the Saar also lost momentum at the beginning of 2005, while companies' willingness to spend is restrained. The aforementioned depreciation in the value of the dollar is exerting pressure on the Saar economy. Judging by the experience of the past few years, the traditionally heavily export-oriented Saar economy is particularly exposed to exchange-rate vagaries.

For 2005, we expect customer lending business to remain muted. On the basis of the current forecasts for 2005, we assume that interest margins will continue to narrow accompanied by a decline in net interest income. As it will not be possible to offset these effects by cutting expenses, we expect a further decline in operating profit before provisioning. That said, we do not anticipate any increase in provisioning expenditure over the previous year thanks to our very cautious lending policy. Key importance is being attached to further extensions to our risk management system.

The most important economic risks concern interest and exchange rates. In the euro zone, an increase in interest in the wake of rising US rates cannot be ruled out in 2005. If this does occur, it will expert pressure on capital spending and public sectors. Similarly, the possibility of a strong depreciation in the US dollar against the euro with adverse effects on exports cannot be precluded. As well as this, there is a risk of a further rise in the price of crude oil in spite of the high levels already reached.

Brand network

Staff numbers



The Management Board in the year under review

Dieter Klepper
Chairman of the Board

Uwe Kuntz
Deputy Chairman

Dr. Harald Langenfeld
Board member

Hans-Werner Sander
Board member

Corporate form

Sparkasse Saarbrücken is a member of the Sparkassen- und Giroverband Saar (Saarland Savings Banks and Giro Association) and as such a member of the Deutscher Sparkassen und Giroverband e.V., Berlin/Bonn. Guarantor is the Sparkassenzweckverband Saarbrücken of which Saarbrücken City Association and the City of Saarbrücken are members.

Commercial register
Saarbrücken, A 8590

The Supervisory Board

until 4 November 2004

Chairwoman
Charlotte Britz
Mayor
from 1 October 2004

Kajo Breuer
Mayor
from 1 May 2004 until 30 September

Michael Burkert
President of City Association
until 30 April 2004

Deputy Chairman
Michael Burkert
President of City Association
from 1 May 2004

Kajo Breuer
Mayor
from 1 April 2004 until 30 April 2004

Other members:
Dr. Gerhard Bauer, Roland Bentz, Karl Caspers, Annemie Christoph, Jörg Ehm, Manfred Hayo, Marga Herzog, Manfred Maurer, Christiane Scherwarth, Volker Schmidt, Walter Schneider, Manfred Seiler, Gerhard Sendel, Engelbert Thiel, Gerhard Walter, Gert Wiebe, Karlheinz Wiesen

The Supervisory Board

from 5 November 2004

Chairwoman
Charlotte Britz
Mayor
from 1 October 2004

Deputy Chairman
Michael Burkert
President of City Association
from 1 May 2004

Other members:
Bertold Bahner, Dr. Gerhard Bauer, Roland Bentz, Karin Bernhard, Herbert Bonenberger, Annemie Christoph, Manfred Hayo, Martin Karren, Ralf Latz, Manfred Maurer, Klaus Meiser, Christian Schmidt, Walter Schneider, Frank Schuler, Gerhard Sendel, Friedel Trouvain, Karlheinz Wiesen, Klaus Winter

Address

Neumarkt 17
66117 Saarbrücken

Postal adress
66104 Saarbrücken

Telephone
(06 81) 5 04-0

Telefax
(06 81) 5 04 - 21 99

Telex
4 421 343 sbrk d

SWIFT- Code
SAKS DE 55

eMail
service@sparkasse-saarbruecken.de

Internet
http://www.spk-sb.de

Our A-class partner banks

Austria	Bank Austria Creditanstalt AG	Vienna	BKAU	AT	WW
	Dornbirner Sparkasse Bank AG	Dornbirn	DOSP	AT	2D
Belgium	Ing Belgium SA/NV	Brussels	BBRU	BE	BB 010
	KBC Bank NV	Brussels	KRED	BE	BB
Britain	Barclays Bank PLC	London	BARC	GB	22
	Standard Chartered Bank	London	SCBL	GB	2L
Canada	Bank of Montreal	Montreal	BOFM	CA	M2
Denmark	Danske Bank Aktieselskab	Copenhagen	DABA	DK	KK
Finland	Nordea Bank Finland PLC	Helsinki	NDEA	FI	HH
France	Banque Fédérative du Credit Mutuel	Straßburg	CMCI	FR	PA
	Banque Populaire de Lorraine Champagne	Metz	BPLM	FR	2M
	Caisse Nationale des Caisses d'Epargne et de Prevoyance (CNCEP)	Paris	CEPA	FR	PP
	Caisse d'Epargne et de Prevoyance de Lorraine	Metz	CEPA	FR	PP 575
Italy	Banca Lombarda e Piemontese SpA	Brescia	BLOP	IT	22
Japan	Sumitomo Mitsui Banking Corporation	Tokio	SMBC	JP	JT
Luxembourg	Banque et Caisse d´Epargne de l´Etat, Luxembourg	Luxembourg	BCEE	LU	LL
	Banque Générale du Luxembourg	Luxembourg	BGLL	LU	LL
Norway	DnB NOR Bank ASA	Oslo	UBNO	NO	KK
Sweden	Nordea Bank Sweden AB (publ.)	Stockholm	NDEA	SE	SS
Switzerland	Bank CIAL Switzerland AG	Basel	CIAL	CH	BB
USA	The Bank of New York	New York	IRVT	US	3N
	Wachovia Bank NA	New York	PNBP	US	3N NYC

Annual financial statement as at 31. 12. 2004

Assets

		EUR	EUR	EUR	31. 12. 2003 EUR thousands
1. Cash reserve					
a) Cash on hand			38.144.280,15		43,315
b) Credit with Deutsche Bundesbank			180.475.324,14		188,420
				218,619,604.29	231,735
2. Public bonds and bills of exchange licensed with Deutsche Bundesbank for refinancing purposes					
a) Treasury bills and non-interest-bearing treasury notes and similar public bonds			0,00		0
b) Bills of exchange			558.871,82		567
				558,871.82	567
3. Loans to banks					
a) Due daily			25.752.923,90		3,195
b) Other loans			1.203.372.820,97		1,066,060
				1,229,125,744.87	1,069,255
4. Loans to customers				2,928,427,625.60	2,957,196
of which: those secured with liens on real estate	1,044,563,377.13 EUR				(1,077,482)
local government loans	679,588,963.55 EUR				(616,019)
5. Bonds and other fixed-interest securities					
a) Money market securities					
aa) From public issuers		0.00			0
of which: those eligible as security for loans from Deutsche Bundesbank	0.00 EUR				(0)
ab) From other issuers		0.00			0
of which: those eligible as security for loans from Deutsche Bundesbank	0.00 EUR				(0)
			0,00		0
b) Debentures and bonds					
ba) From public issuers		68,386,921.23			107,891
of which: those eligible as security for loans from Deutsche Bundesbank	68,386,921.23 EUR				(102,902)
bb) From other issuers		1,037,034,343.02			1,058,838
of which: those eligible as security for loans			1.105.421.264,25		1,166,729
from Deutsche Bundesbank	799,671,813.07 EUR				(853,524)
c) Own bonds			3.617.922,97		2,290
				1,109,039,187.22	1,169,019
Nominal amount	3,535,915.13 EUR				(2,229)
6. Shares and other non-fixed-interest securities				346,532,943.59	327,680
7. Equity investments				32,357,743.29	31,811
of which:					
in banks	1.00 EUR				(0)
in financial service companies	0.00 EUR				(0)
8. Shares in affiliated/associated companies				50,000.00	51
of which:					
in banks	0.00 EUR				(0)
in financial service companies	0.00 EUR				(0)
9. Trustee assets				1,324,487.89	1,480
of which: trustee loans	1,324,487.89 EUR				(1,480)
10. Compensation claims vis-à-vis government incl. bonds from their exchange				0.00	0
11. Intangible investments				789,856.26	756
12. Fixed assets				39,084,023.49	38,218
13. Other asset items				17,811,060.21	22,496
14. Accruals and deferrals				2,558,480.41	3,399
Total assets				5,926,279,628.94	5,853,663

Liabilities

		EUR	EUR	EUR	31. 12. 2003 EUR thousands
1. Liabilities to banks					
a) Due daily			200,592,204.41		102,407
b) With agreed term or period of notice			1,228,675,923.35		1,350,768
				1,429,268,127.76	1,453,175
2. Liabilities to customers					
a) Savings deposits					
aa) With agreed period of notice of three months		1,581,721,431.31			1,602,140
ab) With an agreed period of notice of in excess of three months		385,093,934.10			355,005
			1,966,815,365.41		1,957,145
b) Other liabilities					
ba) Due daily		703,277,202.67			720,625
bb) With an agreed period of notice		1,200,458,851.52			1,098,653
			1,903,736,054.19		1,819,278
				3,870,551,419.60	3,776,423
3. Certificated liabilities					
a) Bonds issued			204,922,224.30		213,520
b) other certificated liabilities			0.00		0
				204,922,224.30	213,520
of which:					
money market securities	0.00 EUR				(0)
own bills of acceptance					
promissory notes in circulation	0.00 EUR				(0)
4. Trustee liabilities				1,324,487.89	1,480
of which: trustee loans	1,324,487.89 EUR				(1,480)
5. Other liabilities				11,357,169.30	6,663
6. Accruals and deferrals				8,511,010.08	10,510
7. Allocations to reserves					
a) Reserves for pensions and similar commitments			8,758,698.00		9,549
b) Tax reserves			4,993,343.00		6,148
c) Other reserves			51,758,191.41		35,235
				65,510,232.41	50,932
8. Special items with reserves share				0.00	0
9. Subordinated liabilities				76,580,755.31	90,797
10. Participatory capital				15,338,756.44	15,339
of which: that due within less than two years	0.00 EUR				(0)
11. Fund for general banking risks				35,000,000.00	35.000
12. Equity					
a) Subscribed capital			0.00		0
b) Capital reserves			0.00		0
c) Profit reserves					
ca) Contingency reserve		198,716,610.67			188.744
cb) Other reserves		0.00			0
			198,716,610.67		188.744
d) Net earnings			9,198,835.18		11.080
				207,915,445.85	199.824
Total liabilities				5,926,279,628.94	5.853.663
1. Contingent liabilities					
a) Contingent liabilities from rediscounted bills of exchange			0.00		0
b) Liabilities from guarantee contracts			58,734,542.00		60.332
c) Liability for assets pledged as collateral security for third-party liabilities			875,047.80		23
				59,609,589.80	60.355
2. Other liabilities					
a) Return commitments for unauthentic pension transactions			0.00		0
b) Placing and takeover commitments			0.00		0
c) Irrevocable loan agreements			23,571,490.18		39.487
				23,571,490.18	39.487

Profit and loss account for the 2004 financial year

	EUR	EUR	EUR	1.1. - 31. 12. 2003 EUR thousands
1. Interest income from				
a) Loan and money market transactions	207,859,026.70			217,345
b) Fixed-interest securities and debt register claims	40,102,915.69			47,103
		247,961,942.39		264,448
2. Interest expenditure		142,053,159.56		154,650
			105,908,782.83	109,798
3. Current income from				
a) Shares and other non-fixed-interest securities		12,113,585.74		(13,591)
b) Equity investment		1,053,010.19		(1,112)
c) Shares in affiliated/associated companies		0.00		(0)
			13,166,595.93	14,703
4. Income from profit syndicates, profit allocation or partial profit allocation contracts			1,608,882.00	1,220
5. Commission income received		20,561,024.29		(20,550)
6. Commission expenditure		1,989,716.49		(2,106)
			18,571,307.80	18,444
7. Net income from financial transactions			396,745.44	445
8. Other operating income			5,968,090.96	3,758
9. Income from release of special items with reserves share			0.00	0
			145,620,404.96	148,368
10. General administrative costs				
a) Personnel costs				
aa) Wages and salaries	51,111,553.53			(50,513)
ab) Social security deductions and expenditure on pension and support benefits	14,974,998.29			(15,627)
		66,086,551.82		(66,140)
of which: on old-age pensions 4,913,193.20 EUR				(5,123)
b) Other administrative costs		27,046,417.84		(26,505)
			93,132,969.66	92,645
11. Write-downs and allowances for bad debt on intangible assets and fixed assets			6,257,797.76	6,838
12. Other operating expenses			22,847,377.63	9,235
13. Write-downs and allowances for bad debt on loans and certain securities as well as allocations to reserves for lending operations		10,392,112.02		(17,110)
13a. Allocations to fund for general banking risks			0.00	1,300
14. Income from allocations to loans and certain securities as well as from the release of reserves for lending operations		0.00		(0)
			10,392,112.02	18,410
14a. Withdrawals from fund for general banking risks			0.00	0
15. Write-downs and allowances for bad debt on equity investments, shares in affiliated/associated companies and securities treated like fixed assets		0.00		(0)
16. Income from allocations to equity investments, shares in affiliated/associated companies and securities treated like fixed assets		1,781,948.63		(3,817)
			1,781,948.63	3,817
17. Expenditure from loss acceptance			0.00	0
18. Allocations to special items with reserves share			0.00	0
19. Result from normal business activities			14,772,096.52	25,057
20. Extraordinary income		0.00		(0)
21. Extraordinary expenditure		0,.00		(0)
22. Extraordinary result			0.00	0
23. Tax on income		5,364,949.44		(13,752)
24. Other taxes provided they are not reported under Item 12		208,311.90		(225)
			5,573,261.34	13,977
25. Net earnings			9,198,835.18	11,080
26. Profit/Loss carried forward from previous year			0.00	0
			9,198,835.18	11,080
27. Withdrawals from profit reserves				
a) From contingency reserve		0.00		(0)
b) From other reserves		0.00		(0)
			0.00	0
28. Allocations to profit reserves			0.00	0
a) To contingency reserve		0.00		(0)
b) To other reserves		0.00		(0)
			0.00	0
29. Net earnings			9,198,835.18	11,080

At a glance

Position	31. 12. 2004 EUR mn	31. 12. 2003 EUR mn	2004 Changes EUR mn	2004 Changes %
Total assets	**5,926.3**	**5,853.7**	**72.6**	**1.2**
Funds received from customers	**4,130.6**	**4,073.0**	**57.6**	**1.4**
Of which:				
Savings deposits	1,966.8	1,957.2	9.6	0.5
Non-certificated liabilities	1,903.7	1,819.3	84.4	4.6
Certificated liabilities	184.7	213.5	-28.8	-13.5
Subordinate liabilities	60.1	67.7	-7.6	-11,2
Participation capital	15.3	15.3	0.0	0.0
Liabilities to banks	**1,466.1**	**1,476.3**	**-10.2**	**-0.7**
of which:				
Subordinate liabilities	16.5	23.1	-6.6	-28.6
Other liabilities	**145.4**	**129.9**	**15.5**	**11.9**
(including contingent liabilities and provisions)				
Equity capital	**242.9**	**234.8**	**8.1**	**3.4**
(including fund for general banking risks)				
Loans to customers	**2,989.0**	**3,019.6**	**-30.6**	**-1.0**
Of which:				
Loans to customers	2,928.4	2,957.2	-28.8	-1.0
Obligations under bills of exchange	0.6	0.6	0.0	0.0
Trustee assets	1.3	1.5	-0.2	-13.3
Guarantee loans	58.7	60.3	-1.6	-2.7
Loans to banks	**1,229.1**	**1,069.3**	**159.8**	**14.9**
Investments in securities	**1,455.6**	**1,496.7**	**-41.1**	**-2.7**
Fixed assets	**72.3**	**70.9**	**1.4**	**2.0**
Other assets	**239.0**	**257.5**	**-18.5**	**-7.2**
Net income	**9.2**	**11.1**	**-1.9**	**-17.1**