In profile.

Annual Report 2005

DekaBank
Deutsche Girozentrale
Financial Group

DekaBank

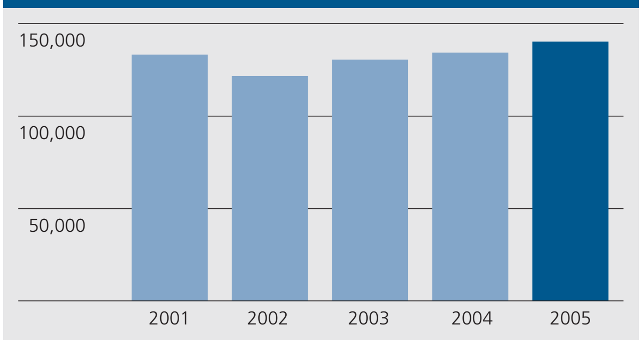
DekaBank Annual Report 2005

DekaBank Group at a glance

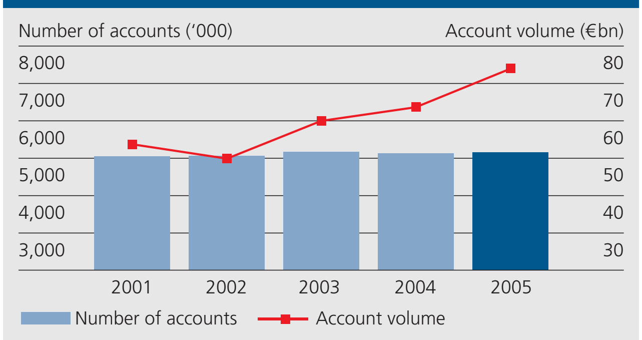
Key figures on business development		2005	2004	Change (%)
Total assets	€m	114,982	116,475	- 1.3
Fund assets (according to BVI)	€m	140,930	134,841	+ 4.5
Net inflows (according to BVI)	€m	- 2,419	- 4,016	+ 39.8
Custodial account volume	€m	74,605	63,258	+ 17.9
Number of custodial accounts	'000	5,284	5,242	+ 0.8
Performance ratios				
Net interest income after risk provision	€m	253	241	+ 5.0
Net commission income	€m	773	749	+ 3.2
Financial result	€m	172	141	+ 22.0
Staff costs	€m	285	282	+ 1.1
Material costs (including depreciation)	€m	365	305	+ 19.7
Net income before taxes	€m	423	- 8	–
Net income after taxes	€m	340	- 7	–
Overall profit for the period after taxes	€m	332	200	+ 66.0
Relative key figures				
Return on equity after taxes[1)]	%	14.0	8.5	+ 5.5% points
Cost income ratio	%	60.6	49.8	+ 10.8% points
Key regulatory figures				
Capital and reserves	€m	3,668	3,583	+ 2.4
Equity capital ratio according to KWG	%	14.5	14.3	+ 0.2% points
Core capital ratio according to KWG	%	8.4	8.1	+ 0.3% points
Capital and reserves ratio according to BIZ	%	13.3	14.2	- 0.9% points
Core capital ratio according to BIZ	%	7.8	7.7	+ 0.1% points
Risk ratios				
Aggregate capacity to sustain risk	€m	4,596	–	
Value at risk[2)]	€m	2,588	–	
Utilization of capacity to sustain risk	%	56	–	
Unguaranteed rating (long-term)[3)]				
Moody's		Aa3	–	
Standard & Poor's		A	–	
Fitch Ratings		A	–	
Number of staff as at 31.12.				
Staff		3,453	3,365	+ 2.6
Average number of positions held		2,982	2,956	+ 0.9

1) Return on equity after taxes corresponds to the net income for the year after taxes applied to the equity capital at the start of the fiscal year (including deposits of silent partners)
2) Confidence level: 99.9%, holding period: 1 year
3) Issued for the first time in July 2005

Fund assets (€m)



Custody



Frankfurt, March 2006

Ladies and gentlemen,

We are pleased to present our Annual Report for 2005.

Change alone is eternal (Arthur Schopenhauer). And you can only be successful on a lasting basis if you prove yourself in the process of change. 2005 was an unprecedented year in the history of DekaBank – one of transformation and change, both externally and internally, in asset management and in the banking business.

The new regulation of bases of liability changed the world of public financial institutions in Germany. Following the lapse of institutional liability and government backing we now have to be competitive under new framework conditions. In the property fund sector change is being accomplished with a strategic focus on risk management, transparency and confidence building. Last but not least, global financial markets are subject to ever more rapid transformation, which players in all segments are keen to exploit: using innovative concepts, high-quality products and performance that is tailored to customers as much as possible.

Once again DekaBank provided proof in 2005 of its strength and soundness in this chequered environment. The Group can look back on the 2005 financial year as a satisfactory year with a pre-tax result of approximately 423 million euros. In addition, DekaBank received one of the best ratings in the German banking business – an external "seal of quality" for its financial strength and its traditionally risk-conscious commercial policy and judgment. The important thing now is to build on this foundation – and to promote change under new conditions.

There is no doubt that DekaBank is in a good competitive position, firmly anchored in the Savings Banks Financial Group, the world's largest financial association. This is a solid basis for consistent development of potential in both asset management and corporate banking. To do this we must, more than anything else, become faster and more innovative – in terms of product range, process optimisation and customer orientation. In the investment fund business the product pipeline must flow faster and be more strongly geared to the capital market. In property-based asset management we are concentrating, in addition to the current conversion phase, on developing new products for the capital market. For all business segments the following applies absolutely: sustained improvement in quality and performance is at the very top of the agenda.

In order to accelerate this change and convert to point of sale transactions, we possess an unbeatable competitive advantage: the marketing strength of the savings banks – a factor for success in the market. The requirements made of us by our exclusive sales partners are therefore always the focus of our corporate activities. They act as a guide and set the standard for what we do. Future closer dovetailing of production and sales units should intensify this cooperation further. This will specifically involve greater weight being given to institutional asset management.

The core element in all changes is to demonstrate the basis of confidence for the savings banks. For only through cooperation in a spirit of mutual trust can we jointly show our strengths to best advantage. To do this our intention is to hone our profile as a key fund service provider for the Savings Banks Financial Group – responsibly, in partnership and professionally. We have deliberately used "In profile" as our theme for the layout in this year's annual report. This is to clearly signal our commitment to sales partners and customers and to put across a very "personal image" of DekaBank.

What we achieved in financial year 2005 is mainly due to the performance of our employees. We owe particular thanks for this commitment, but we must also thank the responsible bodies within the Bank and its subsidiaries. Performance, products and profile – that is DekaBank's formula for success in 2006. It's an important year in many respects: in view of the double anniversary it is important to reflect upon our traditional roots and at the same time to set the course for the future. Against this backdrop we are optimistic that we will come through the change successfully.

Yours sincerely

Franz S. Waas, Ph.D. Hans-Jürgen Gutenberger

Fritz Oelrich Dr. Bernhard Steinmetz

Further increase in global competition

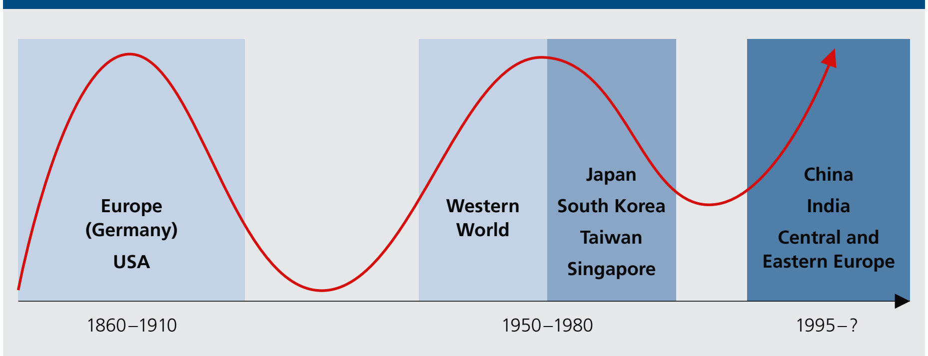
The political turbulence of the past year that led to the early *Bundestag* (German parliament) election in Germany, with fierce election campaign debates on the future of the welfare state has shown that a change in consciousness is slowly emerging. From the "cosy" world of the so-called economic miracle and the economic political and social experiments, Germany too is now faced with a new reality: globalisation.

New wave of globalisation

We assume that the world economy is entering a new wave of globalisation which is considerably more intense with a much greater impact than previous ones. The concomitant global competition is a blessing for some and a threat for others. In any case it is a reality that leaves its traces in the macroeconomic structure of the global economy and the capital markets.

Naturally globalisation has always existed and always will and so this phenomenon is in no way new. Yet economists distinguish between phases during which economic relationships around the world grew together more strongly than at other times. Essentially, three surges of globalisation can be distinguished: the first phase is now a long time ago, back in the late 19th century. It is, however, still of interest because at that time Germany did what China is now doing: it catapulted itself into the global economy through low wage costs and cheap industrial goods based on an export strategy. The second phase of globalisation began after World War II and ended with Japan and Asian states such as South Korea, Taiwan and Singapore being integrated into the global economy. And around the mid 90s the third phase set in, initiated by the fall of the Iron Curtain. In this phase, China, India and the countries of Central and Eastern Europe were incorporated in the international trade of goods and movement in capital.

New wave of globalisation



The expansion of the global marketplace is the reason why the current growth rates of the global economy are their highest in 30 years. DekaBank is one of the few banks to forecast a "global gross domestic product" and undertakes a global potential estimate. For this we use such things as the Deka global economy indicator, an early indicator of the global economic situation.

According to our estimate the global potential for growth is currently just short of 4 per cent. Looking at the economic position globally this way, we have finally left behind the weak economic phase between 2000 and 2003 and have entered a normal economic phase without under-capacity, but also without any signs of overheating. In the meantime production is again at full capacity and the global output gap has closed. For 2006 we basically expect this strengthening to continue. Global growth at 4 per cent will again be near its potential. There will accordingly also be above average expansion in global trade. We anticipate 7 per cent growth in 2006, after 2005's figure of 7.5 per cent.

Stable development of the global economy

Globalisation produces winners and losers. The losers, first and foremost, are low skilled workers in high wage economies, in particular in industry. With vast low wage areas joining the global economy a new price factor is emerging in the low-skilled jobs sector. In Germany this wage shock is causing ripples, firstly, because the importance of the external economic sector is comparatively high with an export quota in excess of 35 per cent and 3 million jobs that depend directly on exports and secondly, because, with central and eastern Europe, globalisation is beginning right at our front door. Even if employees in the so-called employee-intensive sectors can still be counted as globalisation winners, increases in wages have slowed noticeably in Germany as a whole.

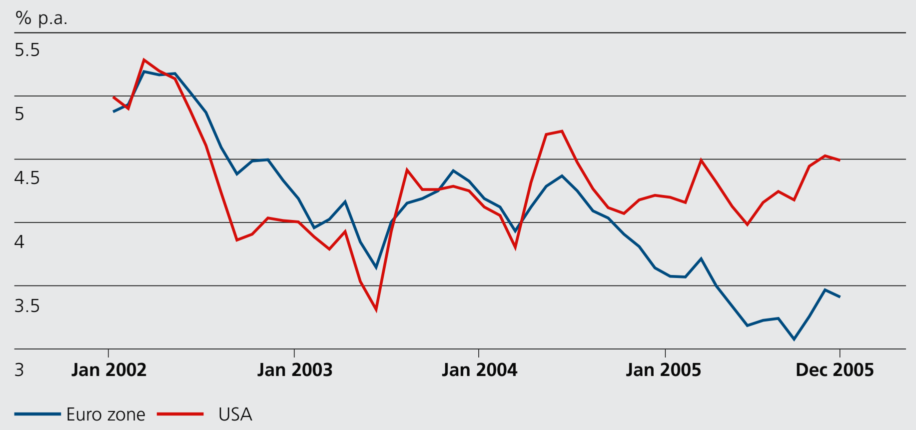
In this "winners and losers" game heated arguments ensue, including a few that were already resonating in the past year. The likely development of further wage differentiation will spark a new debate about distribution in Germany – especially if the problem of unemployment is really to be tackled. This has again been clearly shown in the agonising over the size of the welfare state. As is evident from the result of the Bundestag election that was intended to be a trend-setting decision, there are two, roughly equal sized, encampments in Germany facing each other: those who support reform and those who support the status quo. Winners and losers cannot be clearly distinguished here. In the globalisation game the same person can be a loser in one capacity and a winner in another. Thus for instance all consumers are winners in globalisation: goods and services are becoming more and more available and prices ever cheaper.

Winners and losers in globalisation

How is Germany acquitting itself in terms of global competition? The answer to that turns out to be rather subtle. The German economy seems increasingly like a patchwork quilt: highly efficient and competitive areas next to lethargic sclerotic structures. International companies in Germany have met the problem of an expensive location with increased efficiency. It underlies the apparent paradox that despite the location problem the DAX surged 27.1 per cent in 2005.

The second part of the German economy consists of companies that are not set up internationally because they are too small or because they are faced with restrictions on trade, especially in the service sector. These companies are dependant on internal demand. Of course, this will go up by 1.6 per cent in the current year and consequently account for the majority of the growth of approximately 1.7 per cent. A longer, self-supporting upsurge will, however, only begin if in 2006 credible new directions can be set to bring about a change in the primary problem of the German economy, high structural unemployment.

Yields on 10-year government bonds in the Euro zone and the USA



Sources: Bloomberg, DekaBank

Historic lows in interest were recorded this year in the capital markets of the Euro zone. Even in the United States yields remained low despite increasing money market rates. As is often the case, such extraordinary conditions arise due to many causes which, by building on each other, tend in the same direction: low inflation rates, risk averse investors, high savings, relatively low demand from companies for outside financing and, especially in the USA, structural purchases of bonds by central banks and investments from oil exporting states. There will be no changes in the near future in particular in global savings behaviour and low inflation rates. In contrast, with regard to investment behaviour and levels of corporate capital expenditure, trends towards normalisation are gradually being noted. A low interest profile in comparison with the last three decades should therefore be a continuing factor in the future.

"Our future path is clearly defined: increasing the quality of the **products**, elevating **performance** on a lasting basis and strengthening sales. This is how we define our **profile**."

Franz S. Waas, Ph.D.

Chairman of the Board of Management of DekaBank

The Financial Year 2005

Group Management Report of DekaBank Deutsche Girozentrale for 2005

Overall economic trends

The dynamics of global economic expansion in 2005 did not quite succeed in matching the strength of the previous year. The high price of crude oil, the standardising of central bank interest rates and the fact that national budgets were tightened in view of the need for consolidation all had dampening effects in the industrialised countries. Nonetheless, the world's largest economy – that of the USA – once again grew slightly beyond its potential. Economic growth in the United States gained substance through increase in incomes, so that private consumption continued to underpin the economy. Japan produced a surprise in 2005 with a positive economic trend. Improved prospects in the employment market boosted consumption in that country and thus the economy as a whole. On the other hand the economic slogan in Euroland was: "Another try for an upswing". For the German economy the year was initially a difficult one, continuing to be marked by high unemployment. However, in the second half-year there were encouraging signs of accelerated economic activity, supported by an impetus on the export side.

Impetus from exports

The economies and financial markets in the emerging countries showed a generally stable trend in 2005 and contributed to the expansion of the global economy. Here it was the Asian economies, most of all China, that proved to be the engines of growth. The world economy is experiencing another wave of globalisation, which is accompanied by stronger growth. However, in view of the ample liquidity available world wide, the potential for rises in interest rates remains limited.

Growth in capital markets

2005 was a very good year for equities. Share-prices rose world wide and presented investors with above-average asset increases. For example, the German DAX share-index rose by 27.1 per cent, and the DJ Euro Stoxx 50, which is based on blue-chip stocks in the Euro-zone gained 21.3 per cent. Japanese equities boomed with a rise of 40.2 per cent in the Nikkei 225, whereas in the USA the S&P 500 index achieved only a modest rise of 3.0 per cent. The healthy mood in the markets was reflected in the extremely gratifying performance of our funds.

A very good year for equities

In the year just ended bond markets showed a neutral trend over all. In September interest rates reached a historic low, but yields rose again in the fourth quarter and ended the year at roughly the level of the previous year. In 2005 bond funds were able once again to confirm their reputation as a sound and stable investment option, though they did not match the performance of equity funds. Nonetheless, since investments in the bond sector were in great demand, the volume of assets under management in this category showed a sharp increase. The year 2005 turned out well especially for internationally orientated investors from Euroland. As the Euro tended to weaken against currencies pegged to the dollar, investors were able to make exchange rate profits – as well as profiting from interest rate yields.

Growth in property markets
The weak domestic economy first gave only a small stimulus to the German property market. But at the end of the year a rising demand could be detected for German residential and commercial properties, chiefly on the part of Anglo-Saxon investors. There was a continuing recovery in rental markets in the centres of European capital cities. A decline in vacant premises and a growing demand for office space also characterised the trend in the USA. Property markets in the Asia-Pacific region were marked by rising demand. In 2005 particular circumstances governed the sector of open-ended property funds. In particular, those funds which concentrate their investments in Germany, at times had to tolerate considerable outflows of money. Added to this, investors were worried by protracted debates about the appropriate valuation of buildings in the funds. As market-leader among German providers of open-ended property funds, the DekaBank Group continued with its measures, introduced in 2004, for repositioning and enhancing the transparency of the funds.

Great challenges facing the banking industry
After several years of crisis, German banking is back on its feet again. In achieving this, the improved company figures are mainly the result of sometimes drastic cost-saving measures. On the other hand, due to modest growth in the general economy, the potential on the revenue side continues to be limited.

The fact that the German banking market is nevertheless seen to be in a stable condition is, furthermore, attributable to the efficient competition between private, corporate and public sector institutions.

Savings banks and Landesbanken in good shape

For savings banks and *Landesbanken* 2005 was a time of great change. A revision, last year, of the basis of liability changed refinancing conditions for public-sector institutions. However, the institutions have adapted to the new challenges and are proving to be in very good economic shape. Against the background of new framework terms and conditions for refinancing, but also faced with growing competition from direct banks, the institutions in the [German] Savings Banks Financial Group intensified their cooperation in 2005. In the "Berlin Declaration" they reached an agreement in principle on a workable division of tasks and a joint marketing offensive.

This closer cooperation was also demonstrated in measures such as the concluding of joint agreements, the strengthening of joint liability and the fixing of a rating-floor for the German Savings Banks Financial Group. The "A1" floor issued by Moody's credit-rating agency is an indicator of the solidity and strength of the group; at the same time it allows the individual institutions the flexibility to obtain their own ratings at a higher level.

Revision of the basis of liability

As from 19 July 2005 there has been a change in the basis of liability for public-sector lending institutions in Germany – and thus for DekaBank as well. From that date the *Anstaltslast* (the liability of a public-sector body for the debts of a corporation incorporated under public law) has ceased to be in force. The guarantor's liability for debts, agreed up to 18 July 2001, continues unchanged until the end of their term. Debts which were incurred in the period from 19 July 2001 to 18 July 2005, are covered by guarantor's liability, provided their term does not extend beyond 31 December 2015. Debts agreed after 18 July 2005 are no longer contained within the guarantor's liability.

The Articles of Association of the DekaBank have been adapted to comply with the terms of the new legal framework. These changes came into force on 19 July 2005. The institutions which have been guarantors hitherto – the Deutsche Sparkassen- und Giroverband öffentliche Körperschaft (DSGV ö.K., the German Savings Banks and Giro Association) as well as eight *Landesbanken* – remain guarantors of the DekaBank.

DekaBank – a bank with a good rating

With the disappearance of the government-backed instruments of liability for new debts, DekaBank has, for the first time, been assessed by independent credit-rating agencies with reference solely to its economic capacity. With the issue of what are called unguaranteed ratings, the rating agencies have made a positive assessment of the bank's traditionally cautious business policy, earning-power and diverse portfolio of business activities. In this way DekaBank has received an A rating (from Standard & Poor's and FitchRatings) and an Aa3 rating (Moody's) for its unguaranteed long-term liabilities. With particular reference to financial strength, DekaBank achieved one of the best ratings in the field of German banking. This also means the bank will continue to enjoy advantageous refinancing facilities, and represents a good starting position for the coming years.

Shareholders of DekaBank

Direct shareholders in DekaBank are the DSGV ö.K. with 50 per cent, the GLB GmbH & Co. OHG, owned by all the *Landesbanken* with the exception of the Landesbank Berlin AG, with 49.17 per cent, and NIEBA GmbH with 0.83 per cent. NIEBA is a wholly-owned subsidiary of NORD/LB. Through this model the *Landesbanken* and regional savings banks associations have equal direct holdings in DekaBank.

Group direction

As a leading asset manager and provider of central investment-fund services to the German Savings Banks Financial Group, DekaBank is a strategic partner for savings banks and *Landesbanken*.

The growing importance of private provision for old age in Germany also poses new challenges to the products and services of the companies in the German Savings Banks Financial Group. DekaBank supports its exclusive sales partners, Germany's savings banks and *Landesbanken*, with its own attractive and competitive products, and also with know-how, for instance in the selection of investment-funds from cooperation partners. In the last financial year we therefore paid particular attention to expanding the service we provide to our sales partners. Through a stronger involvement of fund-selling in the overall selling process of the savings banks, investment-funds and products based on them have, in all customer segments, been more firmly integrated into the core business of the savings banks. Our aim is to make greater use of our potential so as to enhance the market-share of savings banks in Germany.

Service to sales partners intensified

Asset Management – Capital Markets

In 2005 our focus was on improving product quality – and especially on the lasting improvement of the performance of individual funds. By optimising the interfaces between research and fund management and broadening the skills of individual fund managers it was possible as early as 2005 to achieve the first visible results: Thus, in a year-on-year comparison, more than 60 per cent of Deka equity funds where in the upper half of their relevant comparison group.

Enhanced product quality

In 2005 there was once again a gratifying trend in fund-based asset management products. These products are an ideal foundation-stone for private old-age provision and in recent years have grown to become a major element in DekaBank Group sales. In the year just ended clients invested almost 7 billion euros in fund-based products for the restructuring of assets, which was roughly double the previous year's figure. This year some 4.2 billion euros flowed into fund-related asset management, and just on 2.7 billion euros into the fund of funds. This meant that DekaBank was able to further strengthen its unchallenged leadership of the volume-market in these segments.

The asset-value of publicly offered securities funds increased at individual fund level by nearly 14 per cent to 75.8 billion euros, in particular through the positive price-trend as well as net cash inflows of about 5.4 billion euros to bond funds.

In the case of the special funds the fund value declined, in spite of solid price-growth, from 43.9 billion euros to 42.0 billion euros. At the same time the number of special fund mandates was reduced to a net figure of 550 funds, due to mergers, liquidations and transfers to master capital investment company mandates. We were able to compensate for part of the decline in volume in institutional business through growth in management and advisory mandates. Here our business expanded by 1.2 billion euros to more than 3.2 billion euros.

Asset Management – Property

In the reporting year the sector of open-ended property funds in Germany had to battle against a loss of confidence among investors. For this reason, and also due to declining returns, funds with investments concentrated in Germany suffered particularly high outflows of funds. This also impacted on the DekaBank Group with its capital investment companies Deka Immobilien Investment GmbH and WestInvest GmbH. In net terms the public real estate funds of the DekaBank Group recorded cash outflows totalling 2.4 billion euros. The assets of the funds were reduced correspondingly to 20.8 billion euros. In the case of special real estate funds the fund assets amounted to just on 1 billion euros, as in the previous year.

Taking restructuring measures

In 2005 the DekaBank Group continued the successful restructuring of its open-ended property funds. By focusing on specific areas of investment we were able to optimise our position. Further steps taken were the revision of the investment process and the strengthening of fund management.

Regaining the confidence of investors is one of the principal objectives of the reorientation of our public real estate funds. In the meantime these funds are taking a leading position in the industry, as regards the comprehensiveness and transparency of their reporting. Many different measures are being taken to strengthen investor confidence. These include, for example, the intensification of letting activity, by which we intend to achieve a sustained improvement in fund performance.

The package of measures introduced at the end of 2004 to stabilise the Deka-ImmobilienFonds, and enlarged in 2005, is already showing its first signs of success. Thus, the outflow of liquidity from the fund returned to normal in the course of the year. The stabilisation concept that has been installed cushions the unit-holders from possible valuation risks. This is taking place thanks in particular to undertakings by DekaBank to guarantee a fund performance of 2 per cent and to take up redeemed units. These undertakings relate to the fund financial years 2004/05 and 2005/06. DekaBank has taken adequate account of the resultant financial impact of this in its Annual Report and Accounts for 2005.

Financial Services

In the Financial Services segment, which in the DekaBank Group embraces all activities in fund servicing, investment custody business and the sales area, as well as services connected with the banking business, Deka FundMaster was able to position itself in the past financial year as a "master and service KAG" (Capital Investment Company). Despite the difficult market environment it was able to obtain further mandates as a master KAG. At the close of the year it was administering a total volume in excess of 1.3 billion euros.

The total volume of custodial assets managed throughout the group grew in 2005 by nearly 18 per cent to 74.6 billion euros. Decisive factors in this were not only growth in value but also renewed increases in fund-based asset management. As at 31 December 2005 the DekaBank Group had a total of close on 5.3 billion custodial investments under administration.

In the context of its sales activities the DekaBank Group concentrated on the individual requests and needs of customers. Savings banks and commercial banks, major institutional investors, domestic and foreign local authorities, and international organisations were active users of our services.

An overview of growth in assets under management

Over all, the DekaBank Group was able to expand its fund assets at 31 December 2005 to 140.9 billion euros.

Net turnover of funds

	2005 €m	2004 €m
Public securities funds	+ 2,272	- 1,937
Special securities funds	- 3,367	- 2,346
Public property funds	- 2,351	+ 182
Special property funds	- 13	+ 85
Master KAG mandates	+ 1,040	-
Net funds raised per BVI	**- 2,419**	**- 4,016**
Funds of funds	+ 2,682	+ 753
Fund-based asset management	+ 4,157	+ 2,663
Advisory and management mandates	+ 1,167	+ 913

* in 2004 net inflow of funds and growth in value

Fund assets

	2005 €m	2004 €m	Change €m	%
Retail funds	**96,618**	**89,998**	**+ 6,620**	**+ 7**
Public securities funds	75,802	66,692	+ 9,110	+ 14
Equity funds	33,170	30,168	+ 3,002	+ 10
Bond funds	30,482	23,551	+ 6,931	+ 29
Money market funds	10,819	11,974	- 1,155	- 10
Other	1,331	999	+ 332	+ 33
Public property funds	20,816	23,306	- 2,490	- 11
Special funds	**44,312**	**44,843**	**- 531**	**- 1**
Special securities funds	42,037	43,885	- 1,848	- 4
Master KAG mandates**	1,332	-	+ 1,332	-
Special property funds	943	958	- 15	- 2
Total	**140,930**	**134,841**	**+ 6,089**	**+ 5**

* excluding deposits and borrowed funds and liquidity portion of funds of funds as well as fund-based asset management

** from 2005 incl. Master KAG mandates of Deka FundMaster

Capital Markets

The Capital Markets segment comprises proprietary trading and treasury. Proprietary trading represents the exploitation of differences in price and valuation on capital markets in favour of the DekaBank Group. Treasury includes refinancing in the context of asset/liability control, liquidity management and the control of market risk positions taken by the DekaBank Group.

In accordance with group-wide risk standards, the DekaBank Group only maintained business relationships, in 2005 as before, with parties whose creditworthiness is impeccable. The overall objective of our business policy in the Capital Markets segment is to achieve sustainable profitability while adopting an appropriate risk profile. We regard proprietary trading as a sensible addition to our sales and treasury activities. In this, risk positions are simply monitored and only adopted to a moderate extent. By maintaining our own trading ledgers our expertise in markets and products is constantly improved and adapted. For example, in the last financial year our repo-/lending business was successfully expanded.

Through careful preparation in our treasury business it was possible to avoid any significant negative impact on our refinancing situation caused by the termination of the *Anstaltslast* and the guarantor's liability.

Corporate Banking

In the Corporate Banking segment the focus of our activities lay on international business. In addition to direct loans and consortium participation we increased our investment in products for the loan-capital market. We have enhanced our product expertise in this field, in order to meet growing demand for the management of loan portfolios. These products facilitate targeted investments with specific risk/return profiles. The Corporate Banking segment is increasingly developing into a provider of specialist finance and a manager of assets for the primary and secondary markets.

Over all, the market environment in 2005 was characterised by high liquidity and declining margins. With the planned implementation of differential strategies for sub-segments, strict margin discipline and direct access to the sub-markets that are important to us, we were well able to hold our own in the market. In doing so, qualitative growth – consonant with our credit-risk-strategy – and the optimising of our portfolio structure, took precedence over an expansion of the lending volume.

Business growth in the past financial year

Conversion to IFRS successfully concluded

For the financial year just ended the DekaBank Group accounts have been published for the first time in accordance with the IFRS regulations for the presentation of accounts. The figures for comparison with the previous year have been calculated by applying IAS 39 (Financial instruments: Approach and valuation). The DekaBank Group has not found it necessary to make use of simplification under IFRS 1. Furthermore, the Group has been able to use IAS 39, the so-called Fair Value option, which was adopted into EU law in December 2005. In making use of the Fair Value option, both asset-side and liability-side financial instruments may be assessed at Fair Value, even if there is no current intention to trade them. For this purpose, particular criteria must be fulfilled. The Fair Value option has been applied with retrospective effect from the balance sheet date of 1 January 2005. No retrospective application of the Fair Value option to the year 2004 has been undertaken, so that the comparability of individual components of the financial results with the prior year's values is in some cases restricted.

Profit trend

In the past financial year revenue totalled 1,154 million euros and thus fell only just short of the previous year's high level.

Net interest income before provision for risk amounted to 217 million euros and thus remained below the 2004 value, due chiefly to the above-mentioned recategorising of financial instruments in the context of the Fair Value option. At the same time, approximately 75 million euros or 34 per cent of net interest received was derived from the interest paid by clients in the Corporate Banking segment, which was thus almost equal to the previous year's figure (-2 million euros or -3 per cent). The remaining elements of net interest income were chiefly attributable to the Capital Markets segment. Our risk provision produced a positive net balance in 2005. This was a consequence of our active risk management, which was also reflected in sales of individual portfolios and the resultant cancellation of write-downs that were no longer required.

The growth trend in net commission income continues

Net commission income amounted in total to 773 million euros and represented a sustainable income source, accounting for some 67 per cent of income. Around 84 per cent of net commission income was generated from investment fund business. Here it was particularly the positive trend in fund-based asset management in the Asset Management – Capital Markets segment, which enabled us to exceed the already high level of the previous year. At the same time, thanks in particular to the positive trend in value, the asset value of the publicly available securities funds was higher than the previous year. In this way the holdings-related commission income – primarily management fees – was increased.

The financial result, comprising the result from Held for Trading and Designated at Fair Value transactions as well as the result from hedging transactions, reached 172 million euros in the financial year under review. A significant proportion of this was accounted for by Repurchase trading and gains from strategic equity risk positions as well as distributions from units in the Deka-ImmobilienFonds (property fund). Starting in 2005, due to active use of the Fair Value option, interest components and the proceeds from valuations and disposals of financial instruments – which are now assigned to the category of Designated at Fair Value and not Available for Sale (AfS) as in the previous year –, are no longer included in the financial result. Since this means that there are no longer any significant securities holdings in the AfS category, the result from other financial investments only included small profits from disposals, in comparison with the previous year. The result from the buying-in of the Group's own issues was a net expenditure of approximately 71 million euros. This expenditure resulted in particular from trading by the market players or from activities in the context of our market-making function and will lead fundamentally to reduced commitments in future years. The remaining operational income amounted to 33 million euros in 2005 and was lower than the previous year's figure, due to higher income from the early termination of leasing transactions during 2004.

As a result of active cost management, expenditure arising from operational business activities maintained its positive trend in the past financial year. While staff costs remained roughly at the 2004 level, the slight rise in material expenditure was due in particular to some one-off expenses in connection with the stabilising of the Deka-ImmobilienFonds, as well as some significant investments. There were some particularly high expenses in projects designed to meet supervisory requirements, for additional measures to raise product quality as well as for the further development of fund systems. Depreciation and write-downs totalled some 68 million euros in 2005 and were higher than in the previous year, primarily due to expenses arising from Impairment examinations that were carried out. Restructuring expenditure amounted to 54 million euros in the past financial year. This was the result, in particular, of the measures for stabilising the Deka-ImmobilienFonds that were expanded in 2005, in order to cushion the risk for investors. In the previous year restructuring expenses amounting to some 565 million euros were posted, arising from stabilisation measures for the Deka-ImmobilienFonds. Over all, the DekaBank Group achieved a net profit before tax for 2005 of approximately 423 million euros.

The Revaluation Reserve shows the effects of the Fair Value valuation of the Available for Sale holdings. No profits or losses can be effectively posted until a financial asset is disposed of or is written down due to an Impairment. Since, as a result of exercise of the Fair Value option with retrospective effect from 1 January 2005, there are no longer any significant holdings of securities in the AfS category, the corresponding change to the Revaluation Reserve in 2005 only amounted to approximately -8 million euros after tax. Taking into account the payment of income taxes and the change to the Revaluation Reserve, this gives an overall profit for the period, after taxes, of 332 million euros.

Despite the difficult market situation in the property fund sector, the Management Board can look back on a generally satisfactory financial year 2005.

Profit growth

	2005 €m	2004 €m	Change €m	%
Net interest income after risk provision	253	241	+ 12	+ 5
Net commission income	773	749	+ 24	+ 3
Financial result	172	141	+ 31	+ 22
Result from other financial investments*	- 6	98	- 104	- 106
Result from buying in Group's own issues	- 71	- 124	+ 53	+ 43
Other operating income	33	61	- 28	- 46
Total income	**1,154**	**1,166**	**- 12**	**- 1**
Staff costs	285	282	+ 3	+ 1
Material costs (before depreciation)	297	274	+ 23	+ 8
Depreciation	68	31	+ 37	+ 119
Other operating expenses	27	22	+ 5	+ 23
Restructuring expenses	54	565	- 511	- 90
Total expenses	**731**	**1,174**	**- 443**	**- 38**
Net income before taxes	**423**	**- 8**	**+ 431**	**–**
Income tax paid	- 83	1	- 84	–
Net income after taxes**	**340**	**- 7**	**+ 347**	**–**
Change to Revaluation Reserve after taxes	- 8	207	- 215	- 104
Overall profit for the period after taxes	**332**	**200**	**+ 132**	**+ 66**

* including result from holdings in associated companies
** before expenditure on atypical silent capital contributions

Balance sheet development

The total assets of the DekaBank Group amounted to 115.0 billion euros as at 31 December 2005 and were down in comparison to the previous year-end by 1.5 billion euros or 1 per cent. Roughly 60 per cent of the total assets were made up of sums due from banks and from customers, which, taken together, were slightly lower (-2 per cent) than the previous year's level. In the balance sheet the trading assets and liabilities reflect the trading activities and some of the strategic interest rate positions of the DekaBank Group. The increase in these balance sheet items from the previous year-end was the result of, among other things, the exercise of the Fair Value option and the associated recategorising of financial instruments from Available for Sale holdings or from liabilities into the category of Designated at Fair Value. There was a corresponding reduction in financial investments and securitised liabilities.

Taking liabilities as a whole, the largest proportion of external funds was, as in the previous year, represented by new issues in the form of securitised liabilities (40.5 billion euros compared with 43.5 billion euros at 31 December 2004). While liabilities to customers at 27.6 billion euros were roughly equal to the previous year-end figure, liabilities to banks were 1.8 billion euros lower, at 31.1 billion euros, due in particular to a smaller volume of registered debentures.

The balance sheet figure for equity capital was approximately 2.6 billion euros as at 31 December 2005. This figure does not include silent capital contributions which, under IFRS rules, are not shown as equity capital, but either as subordinated capital or else under the heading of Atypical Silent Capital Contributions. On the other hand, the covering funds for the Group's risk-carrying capacity include the silent capital contributions. DekaBank makes a distinction in its risk-carrying capacity between primary and secondary risk cover. The primary covering funds are essentially made up of equity capital as defined by IFRS and income from current operations. The secondary covering funds comprise items with a hybrid capital character and thus not only silent capital contributions, but also profit participation capital and subordinated liabilities with a residual term of at least one year in each case.

Changes in equity capital as defined by supervisory regulations

Core capital ratio at a high level

The equity capital and reserves of the DekaBank Group are calculated on the basis of the rules of the KWG (German Banking Act). The figures for equity capital and reserves as required by supervisory regulation differ from those for equity capital as defined by IFRS and are made up of core capital, supplementary capital and Tier III funds. Silent capital contributions are included within the core capital.

When the Financial Conglomerate Directive came into force on 1 January 2005, capital investment companies (KAGs) were also covered for the first time. Year on year, there was only an insignificant increase in risk assets of 0.8 per cent to 25.3 billion euros.

Capital and reserves

	Group		
	2005 €m	**2004 €m**	**Change %**
Core capital	2,121	2,029	+ 4.5
Supplementary capital	1,582	1,590	- 0.5
Capital and reserves	**3,668**	**3,583**	**+ 2.4**
	%	**%**	**Change %-points**
Equity capital ratio under Principle I	14.5	14.3	+ 0.2
Core capital ratio under Principle I	8.4	8.1	+ 0.3
Total ratio under Principle I	12.7	13.1	- 0.4
Capital and reserves ratio under BIZ	13.3	14.2	- 0.9
Core capital ratio under BIZ	7.8	7.7	+ 0.1

In 2005, the capital adequacy regulations on capital and liquidity and the requirements of the Basle capital accord were complied with at all times by DekaBank and the Group. Under supervisory regulation the liquidity of a bank is assessed with reference to the liquidity ratio under Principle II. Liquidity is considered sufficient provided the liquidity ratio under Principle II is at least 1.0. In 2005 DekaBank's liquidity ratio lay between 1.57 and 2.33. The year-end value for 2005 was 1.67.

Outlook

Overall growth of the business

The current wave of globalisation will continue to impact on the two upcoming years, so that we anticipate an appreciable growth in the world economy of around 4 per cent p. a. In 2006 this will be predominantly generated by the industrialised countries, whereas in the following year the emerging markets will account for more than half the growth. The explanation for this is that the industrialised nations, with rising bank rates and a financial policy concerned with consolidation, are under economic pressure from their governments to slow down. Special attention must be given to the prospects for growth in Germany: it is true that in 2006 a modest investment programme and the bringing forward of expenditure prior to the increase in Value-Added Tax on 1 January 2007 will bring a measurable boost to the economy. However, this growth will only be "borrowed" from 2007, so that economic activity in that year will prove to be below average. Trends in the other European economies and in the USA will not be so clearly defined, but overall growth in other industrialised countries in 2007 will be below average compared to the potential for expansion.

Trends in the capital markets

We are nevertheless optimistic about capital market trends in the next few years. Long-term trends such as the growing need for privately funded health care and provision for old-age will ensure an increasing demand for capital market products. The catching-up process made necessary by the globalisation of the world economy, especially in the emerging nations, will reinforce this trend. It is there that a great potential is waiting to be opened up. Through its involvement with one of the strongest financial groups in the world, the DekaBank Group will be able to play a greater than average part in this. We anticipate that the upward trend in the stock markets will continue in 2006. Factors supporting this are the favourable liquidity situation, the globalisation of business and the increase in company efficiency that goes hand in hand with this. The effects of this rationalisation and the hopeful prospects for economic activity may well mean that in 2006 companies will once again be able to increase their profits. In this way the external conditions for investing in equity funds will once again improve.

Good prospects for equity markets

Further increases in central bank interest rates are likely in 2006. Expectations in bond markets are therefore more modest than a year ago. Nonetheless, provided the market players – at least temporarily – accept an inverted interest rate structure in the USA, and inflationary tendencies do not gain any further impetus, 2006 could be a respectable year for bonds.

Trends in property markets

Trends in property markets may develop in different ways. We are seeing indications that the German property market is climbing out of the trough of the last few years. Retail and commercial properties in central locations will be the first to benefit from this trend. The market for office buildings will follow later. We have picked up growing interest from foreign institutional investors, who have started to invest counter-cyclically in the German market. This recovery will continue in the centres of major European cities. We have an equally positive feeling about growth in the USA and the Asia/Pacific region.

Growth of the DekaBank Group

In 2006 we will continue to concentrate on expanding our position as a key provider of fund services to the German Savings Banks Financial Group. In doing so we will give the highest priority to cooperation with our exclusive sales partners in the German Savings Banks Financial Group. Being involved in this powerful alliance opens up extraordinarily good prospects and opportunities for us. The ubiquitous presence of the savings banks and their particular proximity to the customer are also important success-factors for alliance partners like DekaBank. Through the further intensification of this cooperation we will create the conditions whereby, in the coming years, considerable additional business potential will be opened up for the DekaBank Group.

Close cooperation in the Financial Group

In Asset Management – Capital Markets we intend to achieve above-average growth. Here we shall focus on the sustained improvement of the quality and performance of our products. For example, we will further optimise the investment process by increasing the responsibility of the fund managers. On the product side we will continue to offer our sales partners a competitive range of funds. This includes not only the in-house Deka investment funds but also supplementary products from our ten cooperation partners, which are principally employed in the context of fund-based asset management.

A further step towards grouping the fund business in the Savings Banks organisation will be the joint subsidiary with WestLB, which is to be set up in Luxembourg. Using this route, selected publicly available funds of the WestAM Luxembourg, one of WestLB's group companies, will in future be marketed more aggressively in Germany and will be made available to all private customers of the German Savings Banks Financial Group through the DekaBank sales organisation.

In addition to activities in the retail business we plan to position our publicly available funds more strongly than hitherto in our institutional business, in order to be able to play a greater part in this trend. For this purpose we will adapt our product range and devise special offers for this target group. We see an attractive and still scarcely exploited potential in this market segment.

Special offers for institutional investors

In Asset Management – Property our expectations for the year 2006 are directed toward continuing to demonstrate the intended results of the measures taken to restructure our open-ended property funds, especially the Deka-ImmobilienFonds. We are convinced of the quality of these products and anticipate a further return to normal levels of inflow and outflow of funds. In the interests of our investors, we will follow constructively the debate that has begun about an appropriate legislative framework for open-ended property funds.

The Wholesale Banking business remains a vital back-up and, along with the Corporate Banking and Capital Markets segments, an important source of earnings for the Group.

For the DekaBank Group we anticipate a positive trend in group profits in 2006 and 2007, due especially to the good prospects for asset management. Once again we expect a significant contribution to profits from our investment fund business. Here we are working on the assumption of a further rise in Assets under Management – provided there is a favourable trend in the market and based on our successful positioning in fund-based asset management. In addition to growth in capital markets, the selling power of the German Savings Banks Financial Group will be an important factor in achieving our profit targets – in particular on commission income.

On the expense side we will continue in the next two years to pursue an active and consistent cost management programme. We will undertake major investments in step with the growth of our business.

The developments presented here will be implemented through effective group-wide management controls. Group management is based on a control system covering each business division. This system implements the objectives of our business policy by setting targets for individual business divisions in the framework of the Group's top management structure. The business divisions are managed along the lines laid down by the Group for the operating variables of each division. In this way the business divisions provide the starting-point for the achievement of the objectives set for Group.

The Group's risk/return control seen from the owners' standpoint is thus implemented for each of the business divisions. The risk/return control takes account not only of the risk structure but also its efficiency and effectiveness. The divisional control facilitates the separate evaluation and benchmarking of the divisions and thus forms the basis for owner-orientated control of the Group. This control system also enables us to present ourselves with even greater transparency and conviction to the rating agencies.

During the last financial year the divisions have worked up business cases. The strategic target-setting that is expressed in the business cases guarantees that the DekaBank Group is well-equipped to tackle future tasks.

Focusing on staff development

The staff of the DekaBank Group make a lasting contribution to our business success. We are dependent on their creativity and commitment to the job. That is why we will continue to place great value on the professional and personal development of our employees. An important tool for doing this will be a stronger linking of the remuneration system to demonstrable performance criteria. In 2006 DekaBank will continue to play its pioneering role in the fund industry in the training of young professionals: after the first investment-fund salespeople have successfully completed their training in January, we will embark in August on what is now our fourth annual training programme.

Risk report

Principles in handling risks

The professional management and timely monitoring of all risks are the key conditions for controlled risk-taking within our corporate strategy.
DekaBank's goal is to generate an appropriate return on equity on the basis of a risk management policy that recognises risks at an early stage and provides the necessary information promptly to those responsible for risk management.

Against this background DekaBank maintains an effective risk management and control system, which is continually being revised and refined. By this means risks are identified at an early stage and presented to units experienced in risk management, using an objective and comprehensive reporting system.

Organisation of group-wide risk management and risk control

Risk management

Risk management is defined as a system for the proactive control of risk positions.

Within DekaBank risk-management functions are performed by the Management Board, the Assets and Liabilities Control Committee, the Corporate Banking division and the Trading/Treasury division.

Responsibility for the correct installation, organisation and effective operation of the group-wide risk-management system rests with the main Management Board of DekaBank as the parent-company of the DekaBank Group. At the same time the main Management Board is responsible for formulating the strategic direction of the Group with regard to risk and return.

Alongside business policy, the Board sets overall risk limits at Group level, allocates risks according to credit and market risks, and within market risks to trading book and strategic positions.

The group-wide control of default risks is the responsibility of the Corporate Banking division.

The Assets and Liabilities Control Committee lays down guidelines for the management of the strategic market risk position within the limits determined by the Board. Implementation is then carried out independently by Trading/Treasury.

Within the framework laid down for the Group by the Board, the heads of all Group units are responsible for managing the operational risks of their respective organisational units.

Risk control

An essential task of the risk control team based in the Finance division, is the development of a standardised and robust system for quantifying and monitoring risks connected with the Group's business activity. In particular it will review all risks connected with market prices, defaulting and liquidity, as well as operational risks. The risk-control unit does not itself initiate transactions of any kind and is independent of the business-generating divisions up to and including their executives at Management Board level.

The functions of the risk-control unit also include monitoring the limits approved by the Management Board, reporting risk ratios to the Board and the relevant business divisions, as well as the continuous refinement of the appropriate methods and procedures in accordance with managerial and regulatory criteria.

Risk-carrying capacity and Integrated Total Risk Control

Analysing the capacity to sustain risk is a key element in the management of DekaBank's risk exposures.

For this purpose, the risk-control unit calculates at regular intervals the Group's risk-cover funds, which can be brought in to cover losses. The calculations show the size of risk that can be sustained within the framework of our business policy.

In the same manner the Group risk can be regularly assessed, taking account of all types of risk liable to have an impact on profits. These risk-types include not only default, market and operational risks, but also property risk, company shareholding risk, property fund risk and general commercial risk. The Group risk also includes risks that are not covered by regulatory considerations.

Comparison of the Group risk with the risk-cover funds ensures that the overall capacity of DekaBank to sustain risk is known at all times. This analysis of risk-carrying capacity is consistent with DekaBank's conservative business policy and serves both to protect our creditors and to strengthen our positive rating.

Within the framework of Integrated Total Risk Control, the quantifying of risk-carrying capacity is carried out with reference to graded risk-cover funds. Here, DekaBank distinguishes between primary and secondary risk-cover funds: primary cover funds essentially comprise equity capital as defined by IFRS and the proceeds of current operations; secondary cover funds include positions with a hybrid capital character. Both risk cover funds can be used to cover losses without putting a strain on DekaBank's senior creditors. While the use of primary cover funds exclusively affects DekaBank's shareholders, using secondary risk cover funds would also affect silent partners, owners of dividend-right certificates and subordinated creditors of DekaBank.

The risk cover funds are balanced against the Group risk, which is made up of all the profit-impacting types of risk incurred by DekaBank. In this process, the individual risks are combined to produce a standard Value at risk (VAR) ratio with a 12-month validity. This ensures that DekaBank is able at all times to cover unexpected losses that arise during the year. The VAR measurement makes it possible to aggregate the individual types of risk and to make the comparison with cover funds.

As part of a formal risk capacity analysis, we calculate Group risk for a 99.9 per cent confidence level. The latter thus relates to a maximum default probability of 3 basis-points which makes it one of the most cautious methods of assessment in general use in the market.

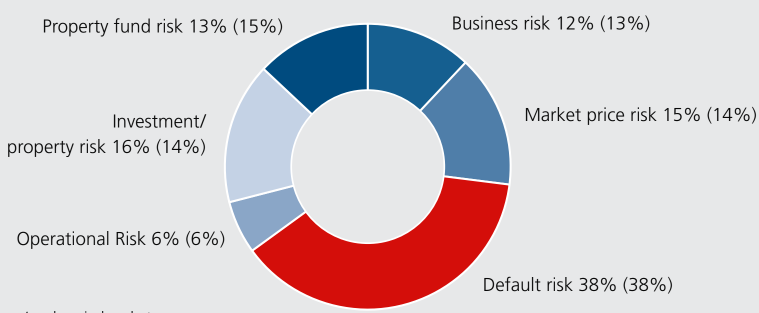
The aggregation of individual risks to make up the Group risk is done by addition. Thus in the calculation of the total Group risk, no account is taken of correlations linking individual types of risk. As can be seen from market analyses, the effect of diversification between the types of risk generally reduces the Group risk by a figure of between 10 per cent and 30 per cent. This makes it clear that our chosen method of calculating Group risk is very cautious and conservative.

The analysis of risk-carrying capacity is carried out on a regular basis. The results of each analysis of risk-carrying capacity are reported to the Management Board of DekaBank as well as to the Audit Committee and the Administrative Board.

DekaBank's range of instruments for analysing risk-carrying capacity and its Integrated Total Risk Control fully meet the demands of modern business management as well as regulatory requirements.

As at the 2005 year-end the Group risk at the 99.9 per cent confidence-level was 2,588 million euros and had thus risen by about 3 per cent over the previous year. The proportion of the total risk-carrying capacity taken up as at 31 December 2005 was 56 per cent.

Group risk by risk type*



* Previous year's values in brackets

Over all, there have only been small changes in the shares taken by individual risk-types in the total risk. In particular, a rise of about 16 per cent should be noted in the investment and property risk. The reason for this lies in the purchase of the "Skyper" office tower in 2005. The default risk is almost unchanged and continued to be the dominant individual risk for DekaBank.

Internal audit

As an independent unit, the internal audit department is responsible for assisting the Board of Management and other executive levels in their supervisory function. This is performed by using a scoring model to draw up a risk oriented Board-authorised assessment plan. On this basis the internal audit department examines and evaluates all activities and procedures. One of its most important tasks is the assessment of the business organisation with respect to the appropriateness of the Internal Control System, with particular reference to risk control and monitoring. The internal and external reporting procedures as well as compliance with legal, regulatory and internal requirements are also subject to examination.

Risk categories – individual risks

Market price risks

Definition
Market risk is understood to mean any economic loss arising from future market price fluctuations. DekaBank undertakes interest rate, share price and exchange rate risks as well as the respective option risks these involve.

Organisation of business subject to market risk
The tasks of risk control and risk monitoring for market price risks are performed by the Management Board, the Assets and Liabilities Control Committee (ALCC), the Trading/Treasury division and the Risk Control Unit in the Finance division.

Risk control is carried out by Trade/Treasury division and the ALCC. The ALCC comprises Management Board members responsible for the Trading/Treasury and Finance divisions, the heads of the above-named divisions and a representative of the Economics division. The ALCC generally holds formal meetings twice a month. The trading transactions within the limits laid down by the Management Board are presented at the Management Board meeting following that of the ALCC. Changes to the limits for the trading portfolios over all as well as for strategic positions are discussed by the ALCC and submitted to the Management Board for decision.

Risks are monitored by the Risk Control Unit of the Finance division. The unit is responsible for the methodical development, quality assurance and monitoring of the procedures for quantifying market price risks. Additional tasks of the Risk Control Unit include reporting to the main Management Board on risks, as well as on the monitoring of limits and any escalation of the incidence of limits being exceeded.

In order to measure and monitor the risk position, all the DekaBank Group's individual positions on Valuation Day are taken into consideration. The measurement, monitoring and reporting of risk figures are based on a standardised, group-wide hierarchy of portfolios. In this process, a distinction is made in particular between the trading book and the Treasury (strategic position). At close of business, each transaction is immediately assigned to a portfolio.

Quantification of market price risks

DekaBank Group's most important market risk is that of interest rate changes arising from both our strategic positions (Treasury) and our trading positions. Particular importance is attached to the development and finessing of our measurement and monitoring techniques according to the extent of our interest rate sensitive transactions, their complexity and risk component.

DekaBank calculates risk figures using scenario analyses, the scenario matrix method and value at risk (VAR). In addition to limiting risk positions, stop-loss limits at portfolio level are established to effectively limit losses.

Standard scenarios

Standard scenarios are defined according to the various risk factors for interest rate, exchange rate and share price movements respectively. They are used for the operational management and limiting of linear risks in both trading book and non-trading book positions.

As a standard interest rate scenario for calculating the interest rate risk we use a hypothetical parallel shift of current currency-specific and segment-specific yield-curves by 100 basis-points upwards and downwards. The calculation of the interest rate risk is carried out for each currency by a comparison of the cash value of all individual transactions, using current and shifted interest rate curves. Firstly, the negative change in value reflects the potential loss or interest rate risk, and secondly there is an immediate record of whether the risk consists of a general rise or drop in interest rates.

In addition to the scenario analyses described above for the general risk of an interest rate change, the specific risk of an interest rate change affecting capital market products and credit derivatives is also examined. The specific risk to these products results from the variability of the product-specific or borrower-specific spreads. For the quantification of the risk, the borrower-specific spread-curves corresponding to the portfolio-specific degree of diversifications are shifted upwards and downwards. The specific risk of an interest rate change across all the individual transactions then arises from the difference between the cash values calculated by using the current and shifted spread-curves.

The currency risk is determined using a percentage shift of 5 per cent in each individual exchange rate against the Euro. Thus for each individual portfolio it is assumed that the exchange rate moves against the position. In calculating the equity risk DekaBank takes account of the varying degree of diversification of the portfolios. Whereas a share-price change of 20 per cent is applied to the net position for low-diversified portfolios, the hypothetical share-price change for more highly diversified portfolios such as the Treasury portfolio is 10 per cent.

Stress scenarios

In order to assess the risks of extreme market events, we additionally, alongside scenario analyses, carry out stress testing for the regular analysis of our interest rate position. The tests are currency and segment-specific and are sub-classified into market and portfolio-oriented variations.

Market-oriented stress tests are based on historical interest rate movements. In addition to the analysis of the effects of a classic parallel shift, further scenarios are brought into play here, such as inversions, tilts or twists of the yield curve. Portfolio-orientated stress-tests, compared to market-orientated ones, are more strongly related to the current positioning of the subject portfolio.

In cooperation with the economics department, we additionally analyse the concrete impact on results given the current positioning and based on current interest rate expectations.

Value at risk

In addition to the loss-potentials estimated using scenario analysis, risk-ratios for linear risks are calculated on a value at risk basis. Calculation of the VAR ratios is carried out for the whole Group using the variance-covariance method.

The ratios are calculated daily for all risk categories and for all portfolios and compared with the associated portfolio-orientated limits. A basis for calculation is provided by volatilities and correlations derived from historical market price changes. In this procedure, market correlations within the interest rate, currency and equity risk categories are taken into account; on the other hand, correlations across the individual risk categories are not.

Treasury is calculated according to the different periods expected for position-squaring or decision-making; VAR ratios are calculated for a holding-period of 10 trading-days, and the VAR ratios of the trading portfolios for a holding-period of 1 trading-day. In both cases the confidence-limit is 95 per cent. VAR calculated on this basis identifies the potential loss on a risk position that will not be exceeded with a probability of 95 per cent over a time horizon of 1 or 10 trading days.

Scenario matrix procedure

DekaBank uses option risks to a very limited extent only. Active option positions are held regularly in the trading portfolio only. The scenario matrix method is used to calculate options-related non-linear risks. This involves a scenario analysis to calculate changes in the key risk-determining parameters for the relevant option type. The matrix boundaries are regularly adjusted to the current fluctuation intensities of the underlying parameters.

Limiting and reporting market price risks

In the context of internal market price risk calculation, risk-ratios as described are calculated on a daily basis by means of scenario analyses, using both the scenario matrix method and the VAR procedure and are particularly used for the operational limiting of trading and Treasury positions. Limiting of the calculated loss-potential is carried out at portfolio level.

In addition to these risk limits, stop-loss limits are defined for the effective restriction of losses. Limit levels are calculated on the basis of the accumulated operating result for the year. This is calculated by the Accounts department within the Finance division.

All risk-limits are monitored by the Risk Control Unit and the uptake of the limits reported daily; the trading-book reports are made no later than the commencement of business. The reports are given to the relevant business division and to the Chief Executive of divisions responsible for the business in each case. Additionally, the Director of Monitoring is informed daily about risk positions and the corresponding uptake of limits on the trading-books, as well as about the Treasury position.

Instances of limits being exceeded are immediately reported to the main Board by the Risk Control Unit.

Back-testing of risk ratios

In order to check the accuracy of our value at risk forecasts, we regularly carry out back-tests. In this process, on the assumption of unchanged positions, the day's results theoretically achieved on the basis of the observed market trend on the following day, are compared with the forecast VAR figures using a variance-covariance test. The back-test results are used to refine and calibrate the risk model. A report on the back-test results is provided to the ALCC on a quarterly basis by the Risk Control Unit.

Current risk situation

Overall outlook

The following chart shows current VAR for the Group according to interest rate, share price and currency risk:

Value at risk of DekaBank Group*

	Holding	Year-end 2005 €m	Average 2005 €m	Year-end 2004 €m	Average 2004 €m
Interest rate risk					
Trading	1 day	1.53	0.63	0.31	0.92
Treasury	10 days	23.96	28.53	28.14	24.30
DekaBank Group	10 days	27.24	29.60	28.63	26.68
Share price risk					
Trading	1 day	0.84	1.28	0.61	0.64
Treasury	10 days	11.01	10.92	10.17	11.98
DekaBank Group	10 days	12.72	13.83	11.26	13.20
Currency risk					
Trading	1 day	0.06	0.24	0.29	0.21
Treasury	10 days	0.64	0.54	0.17	0.41
DekaBank Group	10 days	0.52	1.06	1.02	0.78

* all VARs were calculated on the basis of parameters used for internal risk calculation

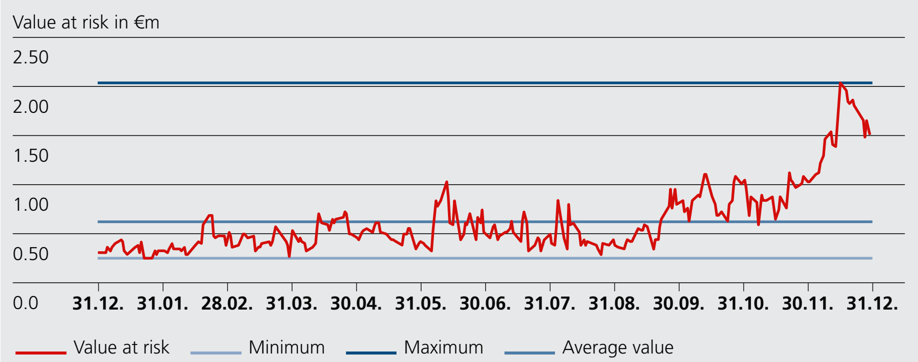
Looking at the various risk types, at the 2005 year-end (given a holding-period of 10 days) 27.24 million euros was accounted for by interest rate-change risks. This equates with a share of 67.3 per cent of the group-wide market price risk. Share price risks, at 12.72 million euros, accounted for 31.4 per cent and currency risks, at 0.52 million euros, for the remaining 1.3 per cent. Share price risks resulted largely from special investor fund investments and to a smaller extent from start-up financing activities.

Interest rate risk

Compared with year-end 2004, interest rate risks decreased by 1.4 million euros group-wide. This drop in risk can be attributed both to the lower volatility as well as to the reduction of risk positions given a flattening interest rate curve.

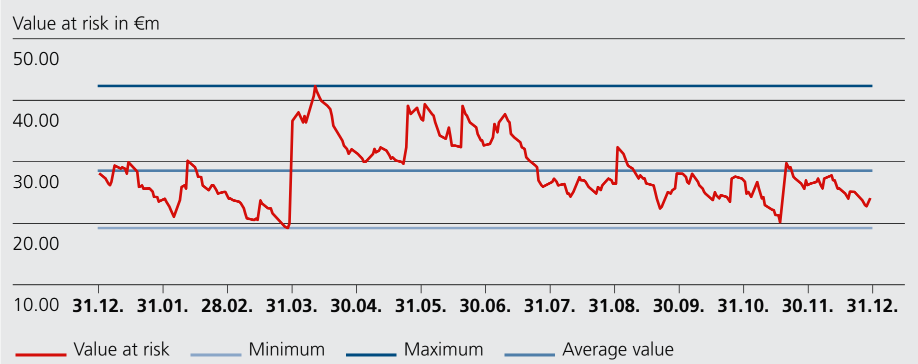
The following two charts show the interest rate risk for trading operations and for Treasury during 2005:

Interest rate risk: Trading – 2005



Source: DekaBank

Interest rate risk: Treasury – 2005



Source: DekaBank

The interest rate risk on trading positions based on VAR lay between 0.25 million euros and 2.04 million euros, and on treasury positions between 19.18 million euros and 42.37 million euros.

Share-price risk
The share-price risks rose by a total of 1.46 million euros compared with the 2004 year-end. With prices becoming firmer during the year and volatilities declining, equity positions were further built up, especially in the special fund area, while the risk-increasing position effect slightly outweighed the risk-reducing effect of volatility.

Currency risk
The exchange rate risk remained at an extremely low level throughout the past year, standing at 0.52 million euros at year-end, just 0.5 million euros lower than at year-end 2004.

Default risks

Definition
Default risks are defined as those risks which arise if a borrower or counterparty is unable to meet his contractual obligations on time or to meet them at all. DekaBank uses its own internally defined risk concepts above and beyond those laid down by the regulatory authorities in order to ensure that all the different risk types are covered. The default risk is subdivided into position risk and advance performance risk. Position risk subsumes borrower risk or issuer risk as well as buying-in risk and uncleared items. The monitoring of default risks is ensured in DekaBank by the daily monitoring of limits as well as the regular analysis of loan portfolios.

Organisational structure for default risks
The monitoring and control of default risks follows standard principles, regardless of whether the risks result from trading or non-trading transactions. The related tasks are performed by the Management Board, the Corporate Banking and/or Trading/Treasury divisions, the loan-office department of the Loan Market Tracking division and the Risk Control Unit of the Finance division.

The Corporate Banking division is responsible for drawing up and implementing a uniform default risk policy and for managing the Group’s default risks. It is here that, among other things, business is generated, risks analysed, internal rating marks established, decision-parameters for lending decisions drawn up, first-vote status assigned and products developed. As a result, portfolio management for counterparty risk is also handled here.

As a “market” segment, the Corporate Banking division is integrated into the process chain of the lending and trading business. In accordance with MaK (Minimum Requirements for the Credit Business of Credit Institutions), certain functions must be segregated from the “market” or front office segment. These tasks, designated as “market-consequence functions”, are carried out in the loan-office department in the Market Consequence Loan division and include the assignment of market-independent second vote status for loan decisions, the verification of specific collateral as required by MaK requirements and the monitoring of the processing of urgent problem loans as a permanent member of the Monitoring Committee. In addition the loan office department is responsible for the development and quality assurance of loan procedures. The monitoring committee, established in 2004, is responsible for controlling and tracking the processing of significant exposures and consists of representatives of the corporate banking, legal and tax divisions as well as the general secretariat's risk office department.

Along with the risk office, the finance division's risk control department assumes back office functions. It monitors default risks at portfolio level and also at borrower unit level and is responsible for drawing up risk reports on default risks. In addition it is responsible for the methodical development, quality assurance and monitoring of the procedures for identifying and quantify default risk.

The functional and organisational separation of risk control and the risk office from the Corporate Banking division's operational responsibilities guarantees independent risk assessment and risk management.

The control and monitoring of default risks takes place at borrower level in relation to individual transactions and also at portfolio level. DekaBank has established limits for borrowers and borrower units for the control and monitoring of risks. The control and monitoring of portfolios is done by dividing the borrower portfolios into risk segments. In this process, all financing operations with comparable financing and risk structures or with special features of a specific market or industry background, are assigned to one risk segment.

Assessing creditworthiness

The internal assessment of a borrower's creditworthiness is of central importance for the control of default risks. In the framework, also, of the new rules for the equity capital backing of banks ("Basle II") the estimation of probability of default is becoming a key reference-point for the regulatory equity capital requirements.

DekaBank has been quick to adapt to the increasing importance of valid quantitative procedures for the assessment of creditworthiness, and as early as 2001 began to develop appropriate internal rating systems in conjunction with eight other *Landesbanken*. As a result of this development work DekaBank today has at its disposal a differentiated rating system, which not only covers the field of classic borrower risks, for example in business with companies, banks and sovereign states, but also delivers highly selective creditworthiness indicators in the area of special and project financing.

The first rating modules were put into service in the middle of 2003 and subsequently the range of tools was increased with the addition of further modules up to 2005. Today DekaBank employs ten rating modules, of which six can be defined as classic scorecard models. Lastly, in the framework of these models, an estimation of creditworthiness is carried out on the basis of current quantitative and qualitative borrower features. In order to be able to take fuller account of the particularities of genuine special financing, four further modules are used, which use simulated macro- and micro-scenarios of the relevant risk-generators to carry out an assessment of the probability of default, orientated on expected future cash-flows. In addition to the assessment of creditworthiness focussing on the borrower or on the project being financed, allowance is also made in the rating score for risk-reducing factors such as possible liability undertakings by third parties.

In order to measure existing transfer risks in payment obligations, denominated in foreign currencies from the debtor's viewpoint, borrower ratings and country ratings are combined.

All the rating modules currently in use are calibrated to a one-year probability of default, in which the DSGV master-scale serves as a standardised reference point for a differentiated assessment of creditworthiness.

The DSGV master-scale provides for a total of 21 rating classes for non-defaulting borrowers and 3 rating classes for defaulters. A mean probability of default is assigned to each class. The class designations and mean probabilities of default (PDs) are shown in the following table.

DSGV master-scale

Rating-class	medium PD in basis-points	Rating-class	medium PD in basis-points
1(AAA)	1	6	59
1(AA+)	2	7	88
1(AA)	3	8	132
1(AA-)	4	9	198
1(A+)	5	10	296
1(A)	7	11	444
1(A-)	9	12	667
2	12	13	1,000
3	17	14	1,500
4	26	15	2,000
5	39	16–18	Outturn

The existence of three default classes (classes 16 to 18) is explained by the need to facilitate a differentiated categorisation of defaults. Regulatory definitions of defaulting in connection with Basle II embrace a broad spectrum of default scenarios, which can range from temporary interruptions in payment right up to a borrower's insolvency proceedings.

All in all, use of the DSGV master-scale makes possible the exceptionally differentiated measurement and forecasting of default risks, which match to a high degree the demands of DekaBank's market environment.

Rating systems should be regarded as dynamic systems that must be continuously adapted to changing risk structures and commercial demands, and their validity tested against this background. The best way to meet the regulatory and managerial demands on the ongoing maintenance and validation of our systems as well as on efficient EDP support for the rating system of DekaBank and the

Landesbanken participating in the project, is for a central service provider to perform the tasks associated with this. In 2004 the Rating Service Unit GmbH & Co. KG (RSU) was therefore established in Munich as a joint company owned by the participating *Landesbanken*. Since then, that company has taken over essential tasks in the area of central operation of EDP applications as well as documentation, maintenance, validation and further development. In addition, the institutions are supporting it to a significant extent in the fulfilment of regulatory requirements. The setting up of RSU is the basis of an optimal division of work and facilitates the cost-effective provision of central processes and services.

The new Basle equity capital requirements and their implementation in European and national law provide for a large number of detailed standards, which banks must meet, in order to be permitted to calculate their regulatory equity capital requirements by means of internal procedures for assessing creditworthiness. One of the prerequisites is the direct integration of rating in all business processes and report formats relevant to the control of credit risk. In DekaBank this process of integration is already far advanced. DekaBank's rating system is the determining instrument in the measurement and control of credit risks. Therefore, based on the status of the methodological and procedural implementation already achieved, DekaBank is aiming for regulatory recognition of its internal rating systems for the IRBA (Internal Ratings Based Approach) in 2007.

Quantification of default risks

The monitoring of default risks at the borrower level takes place on a daily basis for all group-wide transactions. For this purpose the limits centrally administered in the Risk Control Unit are applied to major exposures arising from securitised and unsecuritised receivables as well as from derivative transactions.

For the calculation of the total default risk a basic distinction is made between position risk and advance performance risk:

- Position risk comprises borrower or issuer risk, buying-in risk and uncleared items. Securities and loans with a residual maturity period of more than 2 years are additionally shown and limited separately as a sub-position of the position risk.
- The advance performance risk represents the danger that the counterparty does not render consideration after advance performance by the institution. It can only arise in transactions that are not concluded reciprocally.

The total risk vis-a-vis the borrower unit finally comprises the sum of position and advance performance risk.

To calculate the above-mentioned types of risk, all transactions liable to default risk that are concluded group-wide are taken into account. In principle, calculation of the default risk is based on the market value of the products in question. In the case of products, for which there is no immediately observable market value, the cash value or the maximum current or future recourse is applied.

Monitoring of limits and reporting of default risks

The monitoring of default risk limits is carried out daily by the Risk Control Unit at the level of the economic borrower unit or, where no economic borrower unit exists, at the level of the economic partner. In practical terms the position risk and the advance performance risk are limited as sub-limits and the total position of the borrower unit or partner as an overall limit. Instances where the overall limit is exceeded are immediately reported to the main Management Board.

Every month the Risk Control Unit draws up a comprehensive report, containing additional explanations and also infringements of sub-limits during the month in question.

MaK – Credit risk report

In addition to the daily calculation of the default risk position at borrower level, the Risk Report also contains an analysis of the major structural features of the loan portfolio. The Risk Report presents the DekaBank loan portfolio, divided into risk segments, in accordance with the definition in paragraph 19 (1) KWG (Banking Act) for the entire DekaBank Group.

The Risk Report is drawn up at the end of each quarter and submitted both to the Management Board and the Administrative Council.

The purpose of the Risk Report is to provide a fully comprehensive presentation of the loan portfolio with respect to the default risks it contains.

The criteria for presenting the portfolio meet the requirements of MaK. Consequently, the Risk report contains an extensive structural analysis of the loan portfolios, an analysis of the limits and their uptake as well as a presentation of the collateral. Other components of the Risk report and analyses of concentration, a presentation of rating-related changes in the form of a migration analysis and a presentation of noteworthy commitments and of new market and product activities. The assessments are supported by appropriate commentaries on major developments.

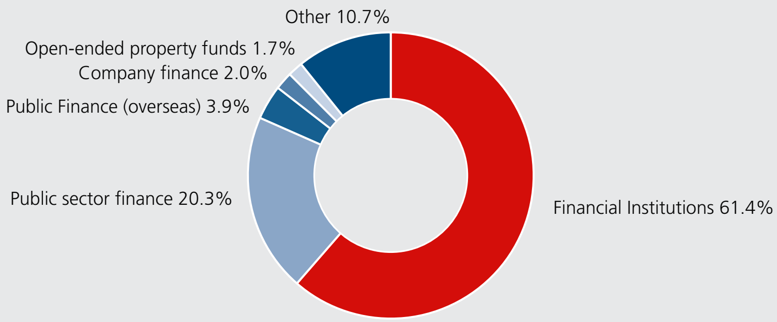
Portfolio analysis

In addition to the structural analysis of the loan portfolio presented in the credit risk report, the credit risk of the portfolio is regularly quantified with the aid of the "Credit Portfolio View (CPV)" model. The model, in its "CPV-Direct" version, was developed and introduced into DekaBank by McKinsey & Company in collaboration with the DSGV. The risk measurement used is value at risk with a confidence-level of 99 per cent and an assumed holding duration of one year. For calculating value at risk, default risks are assessed on the probability of default of the corresponding rating-class and also on the migration risks.

Current risk situation

As at 31 December 2005 the gross loan volume was 118.4 billion euros. Compared to the previous year (118.7 billion euros) the gross loan volume thus declined by 0.3 billion euros. In the financial year just ended, the two largest segments – Financial Institutions (72.6 billion euros) and Public Sector Financing (24.0 billion euros) – represented some 96.6 billion euros or 82 per cent of the total gross loan volume.

Gross loan volume



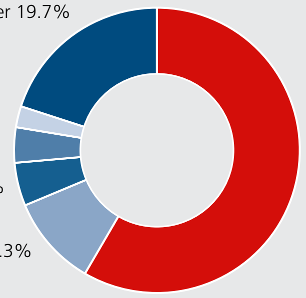
The gross loan volume was reduced to a net loan volume by taking account of risk reduction factors such as, for example, guarantor's liability, amounts due from the Federal and state governments and from municipalities, and personal and material collateral. As at 31 December 2005 the net loan volume was 45.3 billion euros.

	€bn
Gross loan volume	**118.4**
Guarantors	39.9
Federal government, states and municipalities	18.1
Netting of reverse repurchases	6.9
Personal and material collateral	3.3
Netting of financial option transactions	1.9
Covered securities	1.6
Netting in borrowing transactions	1.3
Other risk reductions	0.1
Net loan volume	**45.3**

The default risk from derivative instruments is reduced on our books by framework contracts concluded bilaterally with our business partners (netting agreements such as the 1992 ISDA Master Agreement Multicurrency Cross Border, the German Framework Contract for Financial Forward Transactions). By means of these netting agreements the positive and negative market values of derivative contracts covered by a framework contract can be netted off against each other, and also the future regulatory risk surcharges (Add-ons) on these products can be reduced. In the context of this netting process the default risk is reduced to a few net claims or a net liability to the contracting partner (Close-out netting).

After deduction of the risk reduction the Financial Institutions risk segment represents the largest net loan volume at 26.5 billion euros.

Net loan volume



Risk segments

	Gross loan volume €m	Net loan volume €m
Financial Institutions	72,631	26,488
Public sector finance	23,976	837
Public Finance (overseas)	4,674	4,674
Municipal construction projects	983	0
Company finance	2,333	2,220
Transportation finance	1,989	518
Structured company finance	780	748
Export-/ trade finance	635	413
International real estate finance	919	539
Domestic property finance	1,052	619
Open-ended property funds	2,079	1,920
Retail portfolios	1,081	1,072
Equity investments	168	168
Funds*	5,069	5,069
Total	**118,369**	**45,285**

* This risk segment contains fund units exclusively.

The average rating of the gross loan volume according to the DSGV rating scale was A (6 basis-points) in the reported period. The net loan volume achieved an average rating of A- (9 basis-points). In total, 65 per cent of the net loan volume enjoyed a rating better than A-. This is essentially attributable to the good rating in the risk segments of Financial Institutions and Public Sector Finance.

Whereas 34 per cent of the gross loan volume showed a residual duration of under 1 year, 5 per cent had a residual duration of over 10 years. The average residual duration of the gross loan volume was 3.9 years.

With a figure of 103.7 billion euros the bulk of the gross loan volume was concentrated in countries in the Euro zone. Here the German Federal Republic accounted for 91.3 billion euros or 88 per cent and France for 2.6 billion euros or 3 per cent. Only a small proportion of the gross loan volume (147 billion euros or 12 per cent) was lent outside the Euro zone.

The total risk provision for the financial year just ended amounted to 262.2 million euros for the Group. Of this, 184 million euros was in individual adjustments, 13 million euros in country adjustments, 35 million euros in portfolio adjustments and 30 million euros in reserves.

Operational Risks

Definition

Operational risks (OR) are defined as risks associated with the Group's general business activity, which arise as a result of the unsuitability or failure of internal procedures, human error or system failure, or as the result of external influences.

Organisational structure for operational risks

The Board of Management is ultimately responsible for the adequate handling of operational risks. Among its most important duties are establishing, regularly monitoring and guaranteeing the necessary framework for handling operational risks group-wide.

These include the harmonisation and appropriateness of group-wide terminology and procedures and for reporting regularly to the Board and senior management. The risk control department is also in charge of implementing the supervisory and statutory requirements for the management and control of operational risks.

Group audit is responsible for independently monitoring the correct implementation and execution of methods and procedures within the Group as well as compliance with supervisory and statutory requirements.

Within the framework laid down for the Group by the Board, the heads of all Group units are responsible for managing the operational risks of their respective organisational units.

Classification and differentiation

To identify, evaluate and manage operational risks, DekaBank uses the following cause-based risk categories:

Operational risks by class

Risk	Risk category	Risk sub-category
Operational risks	Technology	IT applications
		IT infrastructure
		Other infrastructure
	Staff	Human capital
		Unauthorised acts
		Processing errors
	Internal procedures	Processes
		Organisational structure
		Methods and models
		Internal service providers and suppliers
		Projects
	External factors	Catastrophes
		Criminal acts
		Service providers and suppliers
		Political/legal framework

Quantification of operational risks

DekaBank benefits from a comprehensive system for the management and control of operational risks, which was successively implemented group-wide in the years 2001 to 2005. Here, the key methods employed are self-assessment, the group-wide collection of loss data, scenario analyses and an OR quantification scheme that is currently being set up.

Self Assessment

Process-based self assessment involves the detailed, regular and structured identification and assessment of operational risks in the form of damage scenarios by special employees (assessors) for their respective identification units. The risk assessment is performed by assessing the potential loss frequency and extent of the relevant risk scenarios. This then yields the annual loss potential. The main objective of process-based self-assessment is to construct a Group-consistent risk inventory that will allow us to draw up and prioritise action plans for reducing operational risk ex ante.

Scenario analysis

In the framework of the scenario analysis method implemented in the financial year 2005, a detailed examination and assessment is being carried out into serious potential losses arising from operational risks.

Like self-assessment, scenario analysis is a method of ex-ante estimation of operational risks by experts in the processes. However, unlike self-assessment, the analysis is here applied to scenarios such as, for example, the "premises-related loss" scenario, whose potential impact can spread over several Group units and thus cannot be adequately covered by self assessment. Risk-assessment by scenario analysis has the characteristic that the impact of different scenarios can be evaluated. For this purpose, the principal risk-generators of a loss-scenario can be identified and systematically varied as to their specific features.

The result is that scenario analysis provides a comprehensive representation of events leading to loss or damage, especially the range of possible forms of loss including the consideration of an extreme stress event.

As well as for the quantification of risk, scenario analysis is used to produce recommendations for possible action should the scenario event become a reality.

With the scenario analysis method DekaBank has completed the systematic identification and evaluation of operational risks, by subjecting the threat of very serious risk-events to separate examination.

Loss documentation

A central loss database compiles and analyses any losses that have occurred through operational risks. To this database are reported, group-wide, all loss-events with a value in excess of 5,000 euros together with documentation of the action required. In addition, by means of an immediate comparison with the actual loss events, a validation of the results of self assessment or scenario analysis is carried out. This generates the data needed to draw up distribution assumptions for the extent and frequency of losses, which form the main basis for the deployment of quantitative models to identify capital requirements. In addition, DekaBank participates in external loss consortia. These include the consortium of the Bundesverband Investment und Asset Management e.V. (BVI, German Federation of Investment and Asset Management) as well as the GOLD consortium of the British Bankers Association (BBA).

Advanced measurement approach

Within the new equity capital rules under Basle II, which come into force in 2007, there exists, with respect to the equity capital approach to be chosen for operational risks, a right to choose between a calculation of regulatory equity capital backing in accordance with a standard approach or an AMA (Advanced Measurement Approach). With regard to this, DekaBank decided at the end of 2005 to opt for an Advanced Measurement Approach and is aiming in 2006 to complete the process for recognition under the AMA model.

At the same time we are planning in 2006 to convert the quantification of operational risks to the Advanced Approach in internal control and monitoring as well.

Reporting of operational risks

The executives responsible for these decisions in DekaBank receive quarterly risk reports, which give information on all significant operational risks and thus make effective control possible.

In addition to the risk reports to the heads of the Group units, an aggregate report is compiled for the Management Board on a quarterly basis. This contains not only condensed information on operational risks in the Group but also detailed information on measures taken or planned for the largest individual risks of each Group unit.

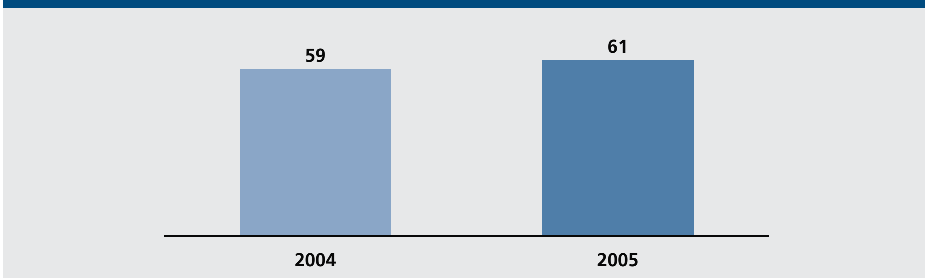
There is an additional duty to report loss situations as they occur – graded by the amount of the damage and gravity of the identified risks – which ensures the timely alerting of the Management Board and internal audit.

Current risk situation

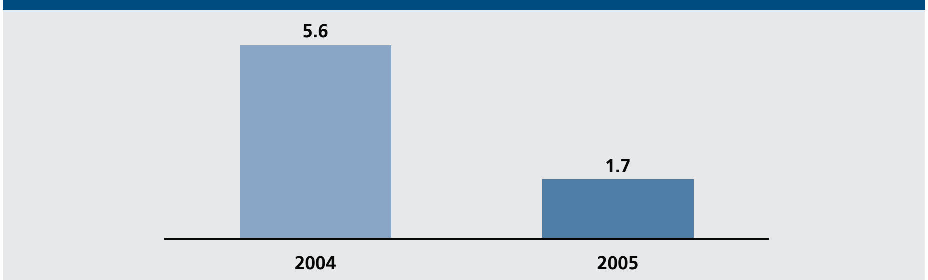
The reviewing of operational risks currently takes place in the context of analysing risk-carrying capacity under the Basle II Standard Approach. The anticipated equity capital backing for operational risks under this method is around 168 million euros and thus some 18 million euros above the previous year's figure.

The number of loss-events is almost unchanged in comparison to 2004. On the other hand, the total of losses in 2005 was lower than in the previous year. The loss total in 2004 was largely attributable to malicious actions by a former employee.

Losses from operational risks – Number of loss-events



Losses from operational risks – Loss total in €m



Liquidity risk

Definition

Liquidity risk in the narrow sense refers to the Bank's insolvency and describes the risk of being unable to meet payment obligations when they are due. A broader definition covers market liquidity risk and funding risk. The latter describes the risk of not being able to obtain sufficient liquidity at the expected conditions when needed while market liquidity risk is the risk of being unable to liquidate or offset positions as a result of insufficient visibility or market disruptions.

Control and monitoring of liquidity risks

The Bank's liquidity status and liquidity balance form the basis of liquidity planning and liquidity management.

Control of liquidity risks is basically carried out across all portfolios. The process takes in all relevant product types. The central aim of all methods is to avoid liquidity bottlenecks at total bank level and thereby to ensure overall ongoing solvency of DekaBank.

Liquidity status

The current liquidity status of DekaBank is measured on a daily basis by the Trading/Treasury division and is used for allocating daily liquidity.

Liquidity surveys

DekaBank's liquidity position is analysed in the Finance area with reference to various scenarios developed in 2005. In essence the liquidity surveys resulting from the scenario considerations are divided into a presentation of expected inflows and outflows of cash based on the juridical maturity pattern underlying the transactions (standard survey) and a representation that takes account of the realisability of the positions.

In contrast, the liquidity balance drawn up by the risk control department is based on reporting date-specific, cross-portfolio documentation of future payment flows which form the basis for calculating the liquidity requirements or surplus for each maturity period. In addition to the presentation of net total payment-stream, there is a separation by product group according to incoming and outgoing payments. The aggregated total payment stream shows the liquidity surplus or shortfall based on a maturity screen. In a further step, the resulting liquidity balances per maturity-band are cumulated, so that the cumulative balances show the level of refinancing required at a given point in time. The standard review is compiled monthly and sent to the Assets and Liabilities Control Committee.

In contrast to the standard review, the presentation of the anticipated cash inflows and outflows on the basis of the realisability of the positions is distinguished by the fact that liquid products are put through the presumed maturity screen according to their saleability in the market – and not according to their juridical maturity.

Liquidity ratios under Principle II

For longer-term liquidity reserve measurement and limits, DekaBank additionally applies the liquidity requirements of Principle II of the German Banking Act.

The basis for the ratio is formed by balancing off DekaBank's short-term means of payment and liabilities with a maturity of up to one year. Potential payment obligations, e.g. in connection with promised lines of credit or capital contributions, are reviewed in respect of their likelihood of being drawn on (call-off risk) using the weighting factors laid down by regulatory rules in the individual maturity bands. This does not include certain product types defined by supervisory regulation, such as derivatives.

Current risk situation

DekaBank's overall liquidity position is very strong. Not least among the determining factors here are the holdings in highly liquid securities. For example, a short-term liquidity reserve of 20.4 billion euros in securities is available within one month. A total liquidity reserve of 10.2 billion euros is available within 12 months.

The requirements of Principle II were clearly exceeded at all times. The relevant liquidity ratio was between 1.57 and 2.33 and was 1.67 at year-end 2005.

Other risks

Investment and property risk

Definition

DekaBank defines investment risk as the danger of a financial loss due to a reduction in value of the portfolio of shareholdings in companies, to the extent that they cannot be consolidated in the framework of risk calculation. Likewise, DekaBank defines property risk as the risk of a decreased value of properties owned by DekaBank Group.

Quantifying investment and property risk

The basis for calculating the investment and property risk position is the most recent market value established for the shareholding or property in question. Risk measurement is performed on the basis of the volatilities of historical yields. For investment risk, we use historical data from equity market benchmark indices. For property risk, we use the volatilities of rental yields for top commercial properties at the site of our offices in Frankfurt.

Property fund risk

Definition

As part of the stabilisation measures in 2004 and 2005 DekaBank took units in the Deka-ImmobilienFonds into its own investment holdings. The resulting property fund risk is defined as the risk of a financial loss due to a reduction in value of these fund units.

Quantifying property fund risk

Property fund risk is measured by using volatilities of historical change-in-value yields of the properties in the Deka-ImmobilienFonds portfolio. The change-in-value yields are drawn up separately according to location and utilisation type and weighted with the corresponding property values. This supplies the aggregated volatility of the change-in-value yields of the property portfolio.

Business risk

Definition

Business risk is the risk of financial losses due to volume or margin changes arising from changes in client behaviour or in the economic environment. Factors which lead to changes in volume or margin are of great importance to DekaBank. Business risk plays a particularly large role in asset management.

Quantifying business risk

Business risks in the asset management segment are calculated by using scenarios that simulate the reduction in key success parameters such as fund volume, administrative commissions and the ratio of individual fund categories to total volume. The scenario analyses are performed separately for the Asset Management – Capital Markets and Asset Management – Property divisions.

In all other divisions, business risks are assessed according to fixed sector-typical benchmarks.

Contingency planning / Business Continuity Planning (BCP)

DekaBank has a group-wide framework structure at its disposal, along with organisational and technical regulations, to ensure a standard contingency response in the event of an emergency.

Premises-related failure or loss

To ensure against the loss or failure of premises, DekaBank has opted for a domestic and overseas internal recovery strategy, in which group-owned property and infrastructure are utilised. In Germany, this means, for example, that our three Rhine Main sites – Frankfurt city centre, Frankfurt-Niederrad and Offenbach – have a shared back-up function due to their geographical proximity. The procedure provides for the affected technical units to have at their emergency work site all the data and equipment they need to ensure that operations can continue.

IT failure

We have a series of organisational and technical guidelines in place to ensure the immediate recovery of failed IT systems. Comprehensive and practice-based tests are carried out on a regular basis to monitor whether our recovery measures are successful.

Organisation – business continuity planning (BCP)

To be able to respond appropriately in an emergency situation, we have developed a highly flexible business continuity planning (BCP) system. This involves organisational counter-measures to deal with a wide range of service disruptions in a precisely defined escalation procedure. Depending on their scope and extent, emergencies are reported directly to a crisis management team, to which the Board of Management also belongs.

To assure the continued emergency operation or re-establishment of critical business processes, we have dedicated re-establishment teams consisting of employees from all technical units. The teams are responsible for restoring all business processes disrupted by a disaster and for ensuring the continued smooth functioning of operational processes.

“Wholesale Banking is just the place where entrepreneurial ways of thinking and acting are important. In DekaBank Group this is backed by a commitment to **success criteria**, against which even the Board of Management is measured.”

Fritz Oelrich

Member of the Board of Management of DekaBank

Capital Markets

In its Capital Markets business sector, DekaBank Group focuses on selected market segments with a package tailored to the individual needs of major clients. The client base, banks and savings banks, major institutional investors, domestic and foreign regional authorities and international organisations – also made considerable use of our services in financial year 2005.

In accordance with the Bank's risk standards, we continued to only maintain business relationships with partners that had a top credit rating in the past year. As in previous years we focussed on building contacts with financial institutions at home and abroad. Open-ended trading positions were only entered into in a controlled way and to a measured extent.

Money market and foreign exchange trading

Flexible money market trading through ECP programme

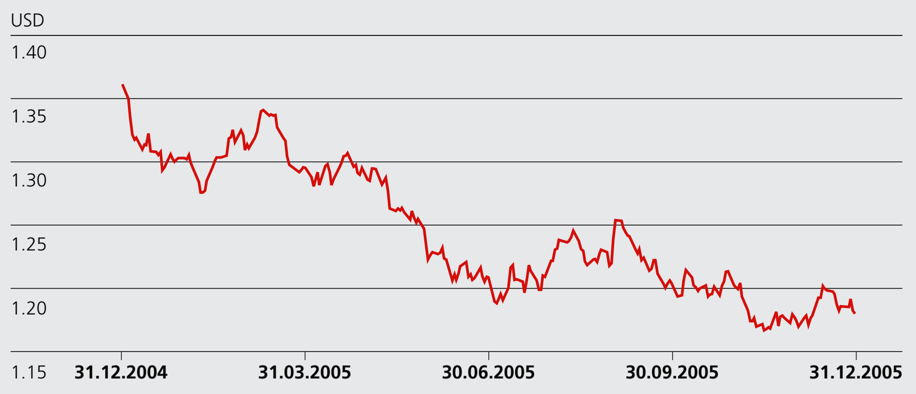
As in previous years, incoming short-term funds were largely invested through our Euro Commercial Paper Programme (ECP). The ECP enables us to issue borrowers' notes at different dates and with flexibility as regards volume and currency.

The foreign exchange markets were characterised in 2005 by a weaker Euro. Contrary to many predictions the EU currency was unable to continue its upward trend against the US dollar and ended up falling 13.4 per cent. Pressures on the currency came from voters' rejection of the European Constitution in France and the Netherlands, the riots in France and the uncertainty surrounding the new government in Germany following the parliamentary election.

In our foreign exchange trading we only took very limited currency risks. Foreign exchange options, foreign exchange futures transactions and other derivative instruments were used to hedge the foreign currency positions.

Open currency positions were only negligible. Our money market and foreign exchange trading also generated a profit in 2005.

Euro (in US dollar)



Source: European Central Bank reference exchange rates

Securities trading / operational treasury

Our equities trading and commission business benefited from the upward trend in the international equity markets. Bond trading was also buoyant, despite the interest turnaround initiated by the US Federal Reserve, with the European Central Bank cautiously following suit in the year.

Given the difficult market environment, securities trading in the proprietary trading and treasury sectors also produced a highly satisfactory result in 2005. We registered a new increase in earnings in the repo/loan business where the result was sharply up.

Financing / underwriting business

The withdrawal of institutional liability and government backing for liabilities entered into after 18 July 2005 resulted only in a moderate rise in refinancing completely in line with our expectations. The transition, which was well prepared for, went smoothly; the possible, even though unlikely, big bang scenario did not happen. In general the market assimilated the change without any conspicuous reactions and so for us no limitation on market access resulted.

Smooth transition to new principles for liability

Other changes in the general terms and conditions arose as a result of the Securities Prospectus Act, by which the German legislator transposed the EU Prospectus Directive into national law, and the reorganisation of the mortgage debenture law harmonising the rules that had hitherto applied to different groups of issuers.

Against this background DekaBank Group's underwriting business grew in line with expectations. Most of this was attributable to our European Medium Term Note Programme (EMTN).

Public sector finance

The Capital Markets business segment also includes domestic public finance. During the reporting year it was primarily our business with institutions in the savings bank finance group (which is traditionally accorded high significance in this segment) that showed positive growth.

"In all units of DekaBank Group our focus is on a culture of **doing** and **solving**. Because only by daring to do something and by taking measured risks can you be successful on a lasting basis."

Dr. Bernhard Steinmetz

Member of the Board of Management of DekaBank

Financial Services

The Financial Services segment includes all activities of DekaBank Group in fund service and sales, the investment management business and services for handling banking business.

Deka FundMaster launched

The subsidiary that was launched in 2004, Deka FundMaster, positioned itself in the reporting year as a Master and Service KAG. It succeeded in a difficult market environment in winning additional master KAG orders. As at year-end 2005 it managed eight contracts worth a total of 1.3 billion euros. As at 31 December 2005 there were contracts in the first quarter of 2006 for eleven new mandates with a special fund volume of around 1.9 billion euros including the administration of proprietary investments. This means that Deka FundMaster manages a total of around 3.2 billion euros in 19 Master and Service KAG mandates with 40 segments for institutional clients.

Neutrality in terms of business policy – a persuasive argument for investors

The Deka FundMaster approach, which focuses on strict neutrality in terms of business policy, is geared to institutional investors that outsource the management of their capital investments globally to specialist asset managers and, in doing so, seek to use the professional and individual service of a German fund investment company. As at the balance sheet date the Company was working on behalf of its customers with 16 national and international asset managers based on outsourcing and consultancy agreements.

The Master KAG offering provides the customer with efficient management and a comprehensive overview of all its capital investments. This benefits primarily investors who have switched their consolidated accounts to IFRS. Customers are also increasingly asking for proprietary investments to be incorporated in the Master KAG.

Anticipated consolidation in the sector

Deka FundMaster was not yet actively involved in financial year 2005 in the area of insourcing of back and middle office activities of non-Group capital investment companies. This market is in flux: while in 2001 (after the outsourcing of funds administration was legalised) hopes were initially high for sharp cost cuts, nowadays the focus of asset managers is on their core competencies. This is all the more true since increased tax and supervisory regulations require consistent high investments in IT infrastructure. Many fund investment companies (which until now have been managing their entire investment business procedures in-house) will largely link their decision to outsource with the expectation that they can obtain the new functionalities promptly from providers who have the corresponding expertise. As an insourcer and major fund administration platform Deka FundMaster is outstandingly well positioned in this business.

Marked increase in custody business

As at the balance sheet date DekaBank Group managed a total of just short of 5.3 million investment accounts with a volume of 74.6 billion euros (previous year: €63.3bn). In addition to good performance, the many asset management accounts opened also contributed to this increase. The number of Ṡ Dynamik-Depots thus grew by 31.4 per cent to almost 400,000 as at year-end. The volume managed in employee investments for capital formation (VL and § 19a EStG [Income Tax Act]) rose to just short of 3.0 billion euros, the number of corresponding contracts rose to around 1.9 million. Retirement provision investments such as AS-Depots and Deka BonusRente registered an increase to 259 million euros.

Numerous asset management accounts opened

There was above average growth in assets invested in funds of our partners. The securities account balance quadrupled in the period to around 1.3 billion euros. This growth was boosted largely by the fact that around 250 funds of the seven new partners were added to the range of funds in custody.

Our call centre took over 700,000 calls in the investment management business in the reporting year. Direct marketing campaigns on behalf of savings banks involved over 10,000 outgoing calls.

Sales activities benefit from market upturn

In line with its sales activities DekaBank Group focuses on the individual requirements and needs of savings banks and banks, major institutional investors, domestic and foreign regional authorities and international organisations.

There was also a focus in 2005 on services for the public and special funds launched by our subsidiaries. The pleasing trend on the markets gave a further boost to our securities commission business.

“In financial markets it is no longer enough to have a good brand – we must focus even more on what we do in **adding value** for our customers.”

Oliver Behrens

Executive Manager of DekaBank

Corporate Banking

In the Corporate Banking sector we can look back on 2005 as a successful year. The Company's performance was characterised by further growth in earnings. Our activities focussed on international business. In addition to direct loans and syndicate participations we invested increasingly in structured and unstructured credit capital market products.

Priority for qualitative growth

In 2005 we continued to operate in a market environment characterised by high liquidity and narrowing spreads. Scheduled implementation of sophisticated segment strategies, strict margin discipline and our direct access to the submarkets that were relevant to us allowed us to stand our ground in the market and increase the sector's contribution to earnings. In this process we continued to give priority to the qualitative growth and optimisation of our portfolio structure ahead of expanding the volume of loans. Avoiding bulk and concentration risks and the risk/earnings related management of the business from the viewpoint of the overall portfolio were the most important considerations in this business.

Variable performance in lending segments

In the past financial year we suffered a slight downturn in the credit volume attributable to the Corporate Banking sector. The performance of the individual business segments varied: while in the Financial Institutions, Corporate Financing and Retail Portfolios segments our volumes declined, our volume of loans rose in the Structured Corporate Financing, Transportation Financing, Export and Trade Financing and International Property Financing segments.

Growth in structured corporate financing

In the Structured Corporate Financing segment we acquired vital new business with the financing of corporate acquisitions and corporate projects, resulting in strong growth in credit volume. Credit volume also went up in the Transportation Financing segment, buoyed in particular by the increase in ship financing. The boom on the commodities markets spurred on our business in the area of trade financing, primarily in the case of structured commodities pre-financing. In the international property business we posted further growth, particularly in the key region of North America.

Targeted growth in selected segments and products compensated for the most part for the selective phase-out of loans in the course of active management of our loan portfolio. There was a conscious acceptance of the decline in the Financial Institutions and Corporate Financing segments due to the difficult margin environment. In addition, commitments in segments that were no longer strategically significant and non-performing and sub-performing loans were wound down.

Growing importance of structured products

In addition to the acquisition of original lending business, structured credit capital market products such as asset-backed securities have gained in importance in the past few years. They complement the traditional lending business and contribute to managing the credit portfolio. We have therefore also increased the proportion of structured credit capital market products in the reporting year.

Well-equipped for the future

In 2005 we took further steps to optimise our business model. The focus was on alignment to the altered framework conditions under liability law following the withdrawal of government backing, the reorganisation of securitisation of risks pursuant to the Basel Equity Capital Agreement (Basel II) and further organisational adjustment to the new minimum requirements for operating lending businesses (MaK).

During the reporting year Credit Portfolio Management, which belongs to the Corporate Banking segment, took over management of the entire default risk for DekaBank Group.

Corporate Banking

Business segments

- Financial Institutions
- Public Finance (overseas)
- Corporate Financing
- Structured Corporate Financing
- Transportation Financing
- Export and Trade Financing
- National Property Financing
- Financing for open-ended property funds
- International Property Financing
- Retail Portfolios
- Pre-financing of public-sector construction projects*

Product lines

Direct Credit

Syndicate Lending

Other Pool Risks

- Bonds
- Credit Derivates
- Structured credit capital market products

* Discontinued segment

“One thing is central to what we do: continuing to reinforce the **under-lying confidence** in the savings banks, our exclusive sales partners.”

Hans-Jürgen Gutenberger

Member of the Board of Management of DekaBank

Retirement pension management

Early on DekaBank developed a range of fund-based products for the growth market of private and occupational retirement pensions. The range of products includes both promoted and un-promoted products sold through the savings banks and *Landesbanken*. In the past year the range was expanded with new products. To this end we provided our sales partners with additional tools to help with providing advice on retirement pensions.

New development of Deka-ZeitDepot (time deposit) online

Innovative solution for working-time accounts

DekaBank is the first fund service provider to launch an innovative solution for administering working-time accounts – Deka-ZeitDepot. This product allows employees to convert time credits; the equivalent value is invested in investment fund units. Deka-ZeitDepot offers fully automated management of working-time accounts. Appropriate IT support (Deka-ZeitDepot online) ensures minimal administrative expenses.

Models for insolvency hedging

Insolvency hedging has been a requirement since July 2004 for occupational part-time retirement agreements. A fund-based model developed by DekaBank is available for this and is offered by the savings banks to their corporate clients. The model is very reasonably-priced and one of its distinguishing features is that it is simple to administer. No credit assessment is required. These advantages have helped savings banks and *Landesbanken* to acquire almost 1,000 companies in 2005 for fund-based insolvency hedging of part-time retirement agreements.

In the past year, together with Deutscher Sparkassen- und Giroverband (German Savings Banks and Giro Association), we have designed a guarantee-based concept that protects part-time retirement account agreements against insolvency. This model provides savings banks and *Landesbanken* with simple processing and administration and cover that is economically priced. In this respect, savings banks and Landesbanken benefit from the infrastructure developed by DekaBank for fund-based asset insolvency hedging.

Pension funds with fund-based life-cycle model

With the goal of providing younger employees specifically with a high-yield, low-risk form of retirement pension, along with Sparkassen-Pensionsfonds AG, we developed a fund-based life-cycle pension fund model. The innovative concept is based both in the saving and payout phase on investments in funds. Depending on the employee's age, up to 100 per cent of the contributions are invested in equity funds. In the next few months the product will be offered to companies and their employees nationwide through the savings banks and *Landesbanken* under the designation "FondsRente Strategie" (Fund Annuity Strategy).

Retirement pension consultancy software implemented

The complexity of retirement pension consultancy means that comprehensive support is needed for client consultants both in private and corporate client business. We have developed the DekaNet-AV software for this purpose and put it in place in 2005 with the savings banks and Landesbanken. It enables the employees of our sales partners to have professional comprehensive client advice and assistance.

Using DekaNet-AV consultants can both analyse their clients' current retirement provision situation and forecast future benefits. Tailor-made products are then identified and selected on this basis taking account of individual customer preferences. In this process the entire range of government-promoted retirement pension cover is considered. In addition, the consultant can include un-promoted products in the package at any time. DekaNet-AV allows for controlled, and therefore, from the liability aspect, safe, retirement pension advice, which is also documented both for the client and the consultant.

Successful sales activities

Our cooperation with savings banks and *Landesbanken* was expanded in 2005. At year-end almost 300 savings banks were using our products for occupational pensions and investment.

With comprehensive sales support these institutions succeeded in winning 9,000 employers with over 500,000 potential employees for S-Pensionskasse AG. As a result new business was generated in 2005 contributing a total of almost 500 million euros.

Performance was also very satisfactory with the new business in various services and products for value accounts (working-time accounts and part-time retirement) that was acquired together with savings banks and *Landesbanken*. As a result of accessing 4,400 employees in 2005 almost 115 million euros of fund investments were achieved by year-end for insolvency hedging of occupational part-time retirement agreements.

"Our goal is to achieve above average growth in our asset management activities. Since this is a people business, savings banks as well as our other customers should **know** our **fund managers**."

Thomas Neiße

Chairman of the Board of Management of Deka Investment GmbH

Capital markets-based asset management

Positive growth in the global economy and very pleasing reports once again from companies underpinned a good year on the stock market. The upturn in the equity markets was sustained – despite the skyrocketing hike in the price of oil. During the year the DAX again crossed the 5,000 point threshold for the first time since 2002 and posted one of the top international performances with a gain of 27.1 per cent by year-end.

Bond markets were volatile given the hike in the oil price and growing fears of inflation, resulting in historically low interest rates in September, although at year-end they ended roughly at the same level as the prior year. Generally this asset class continued to be in high demand.

Upturn in fund business

Bolstered by the generally good performance of the equity and bond markets, investors were increasingly attracted to investment funds. Compared to the previous year's restrained sales figure, new business of fund investment companies affiliated to the BVI posted sharp growth: around 2.3 billion euros net was invested in public securities funds. Despite the positive performance there was no benefit to equity funds largely due to unit certificate redemptions, although to a lesser extent than 2004. The big sellers remained the bond funds for which net fund sales proceeds more than doubled – followed by money market funds.

Demand for bond funds

Focus on asset structuring

In DekaBank Group the development of the capital markets-based asset management business segment continued to be heavily influenced in 2005 by fund-based asset management products. Our widely diversified, professionally managed products with their various different risk profiles, tailor-made to suit customer requirements, are winning over more and more investors. This resulted in the reporting year in both umbrella funds and fund-based asset management posting above-average growth and enabled us to successfully develop our leading position in the market in terms of volume.

Private investors invested almost 7 billion euros in this segment in the past year. Of this, around 4.2 billion euros was for fund-based asset management and just short of 2.7 billion euros for umbrella funds. This welcome development is evidence of a change in thinking by investors who increasingly prefer a wholly managed asset structure – while using the opportunities afforded in the respective investment class.

Change in investor thinking

At the level of individual funds, investors focussed their interest on the bond sector. Around 5.4 billion euros net accrued to our bond funds. The front-runner in sales, at just shy of 1.6 billion euros, was Deka-ConvergenceRenten, which is invested heavily in the Eastern and Central European convergence countries. In contrast equity funds had to put up with 3.3 billion euros in net outflows despite the good performance.

Impressive performance

Both equity and bond funds posted good results in 2005. None of our retail funds ended the year with a loss, boosted by the asset management performance as well as buoyancy in the market. Deka Investment's restructuring (in terms of personnel and content) in research and fund management is beginning to pay off.

Flagship products show improvement

Evidence of this can be seen in the positive performance of our flagship products in equity funds: DekaSpezial, which is invested globally, and Deka-Fonds, which focuses on German shares, each increased by 27.1 per cent, and the European equity fund AriDeka rose 22.9 per cent. Deka-ConvergenceAktien CF was once again at the top of the performance list: this fund, which is invested in the emerging countries of Central and Eastern Europe achieved an exceptional gain of 80.5 per cent.

The bond counterpart, Deka-ConvergenceRenten CF, achieved a 9.8 per cent increase in value. The fund thus justified the positive rating it was given by Standard & Poor's – as did DekaLux-Bond, which gained 6.1 per cent. Weak growth in the Euro benefited primarily international bond funds which, like DekaTeam-GlobalBond (up 12.2 per cent) or DekaRent-international (up 9.4 per cent), invest mainly in foreign exchange securities. And so it was no surprise that the US dollar listed Deka-Renten: USD TF achieved the highest performance of all our bond funds: up 18.0 per cent based on the Euro.

Guaranteed funds, which were in great demand, also turned in impressive and above-average performance: the Deka-WorldGarant funds consistently achieved double-digit growth with simultaneous hedging of capital invested. Fund-based asset management products also posted positive growth: they brought investors, depending on the opportunity/risk profile, growth of between 4.1 per cent (pure bond fund deposit) and 34.6 per cent (pure equity fund deposit).

Forward-looking product range

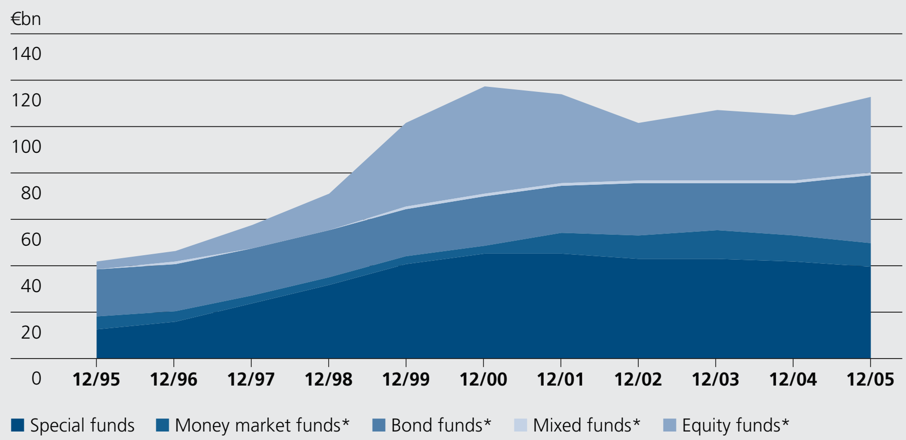
In 2005 the contractual terms of 67 retail funds launched in accordance with German law were converted to the new investment law. These funds now have greater scope for manoeuvre by using derivative financial instruments and can thereby benefit from more effective risk management. In addition, various unit classes can be set up within an investment fund.

New products off to a good start

The fact that the "younger" funds, in particular, that have been established in recent years have performed well is to us an encouraging sign. Deka-Renten-Real, launched in 2004, proved to be one success story – its investment focus is on inflation-indexed debentures. In the face of increasing inflation concerns the fund received considerable moneys invested. The guaranteed funds established for risk-averse investors were popular too. We expanded the successful Deka-WorldGarant series in the year under review by adding the option Deka-WorldGarant Plus, which enables investors to profit from both rising and falling equity markets. Our umbrella fund line DekaStruktur was expanded as well. The subfunds of DekaStruktur: 4 established in January 2005 integrate numerous funds of our new partners, thus providing asset management with even greater flexibility.

The Deka-DividendValue Europa and Deka-DividendValue Global funds which were launched in July 2005 meet the desire of customers for investments in asset securities. Concentration on value investments with a high dividend yield offers attractive ongoing income as well as price opportunities. Deka-HedgeSelect operates largely independently from the trend in the equity markets. DekaBank Group's first umbrella hedge fund invests in a wide range of single hedge funds and holds out the prospect of positive yield even when equity prices fall. Deka-HedgeSelect was the first German regulated umbrella hedge fund to be rated "A" by Standard & Poor's.

Capital markets-based asset management – fund volume



*Retail funds

The four Deka target funds launched in July 2005 with an investment horizon between 10 and 25 years enable a tailored fund-of-funds concept for targeted savings. The products offer investors an optimized mix of the investment classes, equities, bonds and money market over the entire lifetime. Another new product in the line is the blended fund Deka-EuropaTrend launched in December 2005. The stock selection uses trend-based technical analysis oriented to the relative attractiveness of equities compared to interest-bearing securities. In bonds, Deka-Euro RentenPlus rounds out the series of new launches. The flexible fund concept allows active control of times to maturity with the objective of earning a positive yield independent of market events.

Decline in special funds

Solid growth and new launches of special funds were not enough to compensate for the considerable outflows resulting from fund liquidations and transfers. In the year under review, the fund volume sank from 43.9 billion euros to 42.0 billion euros. In the course of mergers, liquidations and transfers to Master KAG mandates, the number of special fund mandates declined by a net 91 to 550 funds.

Our participation in current market trends – special funds for spinning off pension obligations and Master KAGs – stayed below average. On the other hand, the trend in advisory and asset management mandates was positive. Not only did the number of mandates increase by 25 per cent, the volume also grew from 2.0 billion euros to 3.2 billion euros by year-end.

Expansion of international sales

Stepped up foreign sales

Our goal is to offer private and institutional investors optimal solutions with high-quality and competitive products. As part of this, we began to step up export sales in the year under review. Since 2005, it has been possible to buy Deka investment fund shares in Italy. More countries will follow. In addition to the mandate business, we are also focusing on the sale of retail funds.

Outlook

The buoyant start to 2006 raises hopes that the positive trend in the equity markets will continue. If economic expectations are met and companies continue to have success with their restructuring and cost-cutting measures, nothing will stand in the way of higher stock prices. On the other hand, the situation for bonds is becoming increasingly tenuous. Further interest rate hikes are probable, especially in the United States. Expectations are accordingly more subdued than one year ago, although there is basically nothing standing in the way of another solid year for bonds.

“Property-based asset management is an integral part of our overall strategy. In order to maintain this position, we will continue to enhance our product portfolio with a clear focus on the requirements of **markets** and **customers**.”

Reinhardt Gennies

Chairman of the Board of Management of Deka Immobilien Investment GmbH

Property-based asset management

The year 2005 presented special conditions for the entire segment of open-ended property funds. Especially funds investing primarily in Germany suffered high net outflows. This trend also had an impact on Deka-ImmobilienFonds, a product of our subsidiary Deka Immobilien Investment GmbH.

The fund providers reacted in various ways to investors' requests to return unit certificates. DekaBank gave assurances early on that it would accept returning unit certificates of Deka-ImmobilienFonds without limitation and guarantee a minimum performance. This commitment applies initially to the 2004/2005 and 2005/2006 investment years. There are no plans to close the fund.

Restructuring measures take hold

The redemption commitment is part of a comprehensive package of measures for stabilizing and restructuring Deka-ImmobilienFonds. Good progress was made in implementing the project in the year under review. The first results show that the adopted measures are taking hold.

Realignment of Deka Immobilien

The repositioning led to changes in Deka Immobilien Investment, which also affected the Company's other funds. Accordingly, the investment process was reorganized. The new "Sales Support" department ensures improved technical communication with the savings banks, our exclusive sales partners. The property valuation process was optimized. Responsibilities for fund management and the market segments as well as for the panel of independent experts have been clearly separated. Furthermore, risk management was strengthened. The funds have gained in importance: They are understood to be separate "companies in the company" and are also managed accordingly. Separate, interdisciplinary management teams have been formed in the meantime for all retail funds of Deka Immobilien Investment. These teams are responsible for the content and organization of strategic and operational planning on the fund level.

Furthermore, to strengthen the fund performance, we have brought back various functions that have been outsourced up to now, commercial facilities management in particular, into the Company and are pooling building mechanical services throughout Europe. By themselves, each of these measures represents only a partial step, but in the aggregate they provide considerable potential for future profit that must be developed.

We have improved the transparency of the funds on a long-term basis. This is evident among other things in the clearly expanded disclosures in the annual accounts that far exceed the minimum requirements. Investors thus have the possibility of clearly tracking and evaluating the decisions of fund management. We will systematically continue on this path.

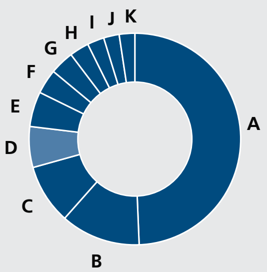
Development of property markets

Due to the soft domestic economy, the German property market showed little momentum. Vacancy rates persisted at a high level, as demand primarily resulted from the exchange of premises. Rents declined slightly. A positive note was the increased appearance of foreign investors willing to assume risks.

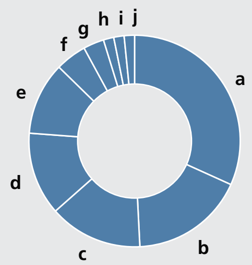
The recovery of the rental markets in the central locations of the European metropolises continued. Vacancy rates dropped in London in particular but also in Paris, the Scandinavian capitals as well as Milan and Barcelona.

Developments in the United States were also marked by lowered vacancy rates and a growing demand for office space. The Asian-Pacific property markets experienced a boom in demand. Rents went up especially in Tokyo, Singapore and Hong Kong due to the short supply of first-rate floor space. In Seoul rents were steady and there were signs of a recovery in demand for floor space in Sydney.

Property portfolio by region (% of market value)*



A	Germany	48.9%
B	France	12.3%
C	UK	9.2%
D	Other **(a–j)**	6.3%
E	Netherlands	5.4%
F	Belgium	3.8%
G	Spain	3.7%
H	Italy	3.0%
I	Austria	2.6%
J	USA	2.4%
K	Australia	2.4%



a	Sweden	2,0%	**f**	Denmark	0.3%
b	Ireland	1.1%	**g**	Hungary	0.2%
c	Luxembourg	0.9%	**h**	Poland	0.1%
d	Japan	0.8%	**i**	Portugal	0.1%
e	South Korea	0.7%	**j**	Czech Republic	0.1%

* including properties under construction;
Reference basis: segment Asset Management – Property

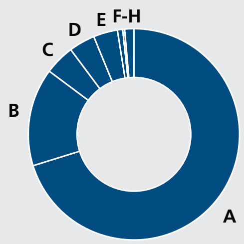
New investment policy focuses

In 2005, Deka Immobilien Investment and WestInvest acquired twelve completed properties and three project developments having a total value of about 1.0 billion euros for their funds. As in preceding years, the emphasis was on purchases abroad. There were additional investments in 16 current project developments valued at approximately 240.3 million euros. 29 properties were sold at a value of approximately 2.2 billion euros. At approximately 1.6 billion euros, most of these property sales were focused on Deka-ImmobilienFonds. The properties sold also included the Frankfurt office property “Skyper”, which was sold to Deka-Bank.

In view of the interest-driven investment pressure and the resulting overheating of prices in many property markets, our funds are making only selective investments in the current market phase. In cases of doubt, we are temporarily accepting lower interest on cash investments rather than incurring the risk of future write-downs due to paying excessive property prices.

Active portfolio management will also play a greater role in our investment policy in future. Instead of the classic buy-and-hold philosophy, the investment focus is increasingly shifting to a division between a continuously held core property portfolio and a group of trading properties intended for resale. If need be, properties can be sold rapidly and increases in value can be realized to enhance fund performance.

Property utilisation spectrum by net target rent*



A	Office	70.2%
B	Trade, catering	15.0%
C	Warehouse / service	4.6%
D	Vehicle parking	4.0%
E	Hotel	3.7%
F	Residential	0.8%
G	Recreational	0.3%
H	Other	1.4%

* including properties under construction;
Reference basis: segment Asset Management – Property

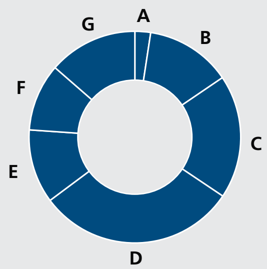
Retail funds development

The property funds of the DekaBank Group could not escape the market trend and on balance experienced outflows of just under 2.4 billion euros. This especially affected Deka-ImmobilienFonds and Deka-ImmobilienEuropa (-1.1 billion euros each). The outflows were smaller for WestInvest 1 (-322.9 million euros) and Deka-ImmobilienGlobal (-75.1 million euros); WestInvest InterSelect generated net income of 243.4 million euros.

Against the backdrop of the net outflows and considering the distributions of earnings in the amount of 751 million euros, assets of the property funds of DekaBank Group came to 21.8 billion euros as at 31 December 2005. The performance of the funds was within expectations. Especially pleasing was the 4.9 per cent growth of WestInvest InterSelect with its pan-European investment focus, which positions it within the leading group of open-ended property funds.

Moreover, the performance of all funds in the final months of 2005 showed that our measures are taking hold. The performance of Deka-ImmobilienEuropa and Deka-ImmobilienGlobal in particular was significantly improved.

Properties by size category (market value in €m)*



A	0 – 10 €m	2.4%
B	10 – 25 €m	13.1%
C	25 – 50 €m	18.9%
D	50 – 100 €m	30.4%
E	100 – 150 €m	11.3%
F	150 – 200 €m	10.3%
G	> 200 €m	13.6%

* including properties under construction;
Reference basis: segment Asset Management – Property

Expanded offerings for institutional investors

Our business with institutional investors developed well in 2005. As at the closing date, the open-ended special property funds – seven funds of Deka Immobilien Investment and one fund of WestInvest – had assets totalling 942.9 million euros under management (previous year: €958.1m). In this area also, we have begun to assign more importance to trading aspects. In the year under review, nine properties were sold at a profit for a total value of 141.2 million euros and four properties were acquired for 97.7 million euros. We plan to expand our special fund portfolio.

Second customised property fund launched

In 2005, we launched Deka-S-PropertyFund No. 2, an additional customised property fund. Like its predecessor, participation in this fund was organized in the legal form of a private limited company and, consequently, is not subject to the German Investment Act. A property portfolio of approximately 750 million euros is expected to be built up over an investment period of three years.

REITs initiative well under way

In 2005, DekaBank continued its constructive participation in the preliminary work towards the introduction of real estate investment trusts (REITs) in Germany. Within the framework of "Initiative Finanzplatz Deutschland", a key lobby group for the creation of German REITs, a proposal was made for the legal and tax structure of REITS. The expansion of the investment spectrum to include these internationally accepted instruments should stimulate additional interest in the German property investment market. The initial focus is likely to be on G-REITS (German REITs), primarily in the institutional segment.

Community commitment

DekaBank is deeply committed to the future. In its capacity as a central bank of the German Savings Banks Financial Group and its long tradition of support, the Bank feels a social responsibility and has pursued an innovative concept of cultural and scientific support since 2002. Under the motto "Making opportunities possible" we sponsor selected cultural and scientific projects.

Exclusive cultural prizes and support

In the area of culture, DekaBank supports architecture, visual arts, literature and music. Many projects are developed jointly with the sponsored institutions.

In June 2005, the second International Highrise Award, worth 50,000 euros, was presented in partnership with the City of Frankfurt. In October, at the Bank's premises, the Literaturhaus Frankfurt presented the second DekaBank Prize for the support of German literature and science abroad, which was endowed with 25,000 euros.

In 2005, DekaBank was the official partner and exclusive sponsor of the German pavilion at the 51st International Art Exhibition of the Venice Biennale. The internationally respected art show represented Germany in the context of cultural exchange and was jointly financed by the German Foreign Office.

Art collection introduced to the public

A broad spectrum of contemporary art

The DekaBank collection of 21st century art is the youngest and certainly one of the most unusual corporate collections in Germany. Currently comprising more than 700 works including a number of commissions, the collection represents an international and multimedia spectrum of contemporary art. The collection was presented to the public for the first time in 2005 as part of the campaign "Kunst privat!" in July and at the Frankfurt "Museumsuferfest" in August.

DekaBank scholarships for gifted students of economics

DekaBank has established a demanding scholarship program for the systematic support of outstanding young students of economics. With the goal of improving the knowledge transfer between teaching, research and business, the Bank offered scholarships through selected partner institutions in 2005. A total of 12 doctoral scholarships and 8 qualification scholarships have been awarded since 2003. Currently 13 young academicians are receiving support.

New endowed professorships in corporate finance

By financing two new endowed chairs in 2005, DekaBank has gone one step further in its support of scientific research. DekaBank will continue support for the two professorships in business management in the departments of economics at the Universities of Bamberg and Passau for five years.

Two new professorships

The research and teaching focuses will be financial controlling, financial planning and financial services. The positions are expected to be filled in 2006.

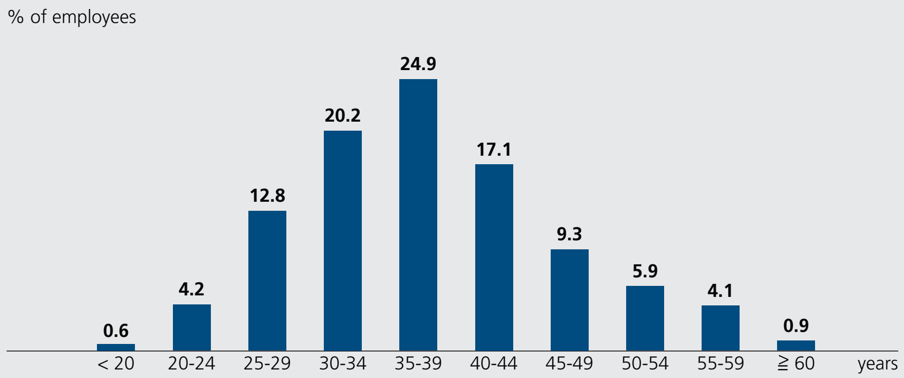
In providing this support, DekaBank takes into account the increasing scientific and practical demands and deepens its contacts with emerging talents in the field.

Staff

Employee numbers in the DekaBank Group increased slightly by 22 to 2,955 in the 2005 business year. The proportion of part-time employees grew from 8.8 to 9.9 per cent. This pleasing development supports our efforts to position the Group as an attractive employer in an increasingly tightening market for highly qualified staff.

In the period under review, the average length of service rose from 6.1 to 6.5 years. The average employee age increased accordingly from 37.3 to 37.7. The ratio of women employees was 44.2 per cent. Total staff costs in the Group, reported for the first time based on IFRS, climbed from 281.9 million euros to 285.2 million euros. We continued the Group-wide cost and process optimisation programme.

Age pyramid DekaBank Group



Average age: 37.7 years

Performance-based compensation model adopted

In an internal agreement for performance-based compensation and an agreement on targets, DekaBank laid the foundation for a modern bonus system oriented to business success and individual employee performance. The new system not only aligns the activities of both the technical units and the employees even more strongly with the higher priority corporate goals, it also contributes to making the process of determining bonuses more transparent through a clear and comprehensive evaluation of goal attainment as well as clear performance evaluation criteria.

New specialist career paths introduced

Based on uniform Group classification parameters that define the basic requirements of individual career levels, we introduced additional specialist career paths in 2005. The individual levels of the specialist career paths are set up by analogy to the corresponding levels of the executive career paths, offering employees with goals of pursuing a career as a specialist a suitable alternative to the executive career.

Further optimization of company pension plan

The fund-based Deka-PensionPlan was optimized with regard to taxes. Under certain conditions, employees now have the option of having their pension paid to them in five annual instalments or as a life annuity instead of a lump-sum. Since the start of 2005, the contributions to this pension fund have been transferred to Deka Trust e. V., which was established specifically for the purpose of trust management. This leads to not only a significant simplification of management but also to improved control of personnel expenses.

Idea management

In 2005, our employees once again showed creativity and commitment beyond the boundaries of their professional duties. Among other things, this was reflected in the numerous ideas and suggestions submitted to the Company's Idea Management system. A pleasing result of this was that DekaBank received the "Denker Preis" presented by the German Institute for Business and Management in November. In doing this, the jury honoured the Bank's innovative idea management, in particular the "Einstein Campaign – Active Idea Management in the Savings Banks Financial Group".

Innovative idea management

Group-wide customer complaints management

The Group-wide complaints management system follows the same quality standards in its customer-oriented work in all divisions and companies. It combines decentralized and centralized controlling elements. Recording the complaints in a centralized database facilitates the monitoring and continued development of customer-oriented complaints processing, and it forms the basis for management reporting. The centralized complaints management system is responsible on behalf of the Board of Management for answering complaints directly addressed to the Board of Management. The goal of this process is to use the complaint reasons stored in the database to stimulate qualitative improvements and optimize the satisfaction of our customers.

Our thanks and appreciation

Our employees create the potential for the success of our Company. We would like to express our gratitude to our active employees and those who entered early and normal age retirement in 2005 for their performance, commitment and personal dedication. We would also like to thank the Staff Council and the equal opportunities representative for their fair and constructive cooperation in the past year.

Report of the Administrative Board for the 2005 Financial Year

In the year under review, the Administrative Board and its executive committee carried out the duties assigned to them by law and the Bank's statutes. It regularly advised the Management Board on management issues and oversaw the proper conduct of the Bank's affairs by the management. The supervisory bodies were involved in all significant decisions regarding the company.

The Administrative Board appointed an audit committee from within its ranks to support its supervisory activities. The committee was constituted on 23 February 2005. The audit committee is particularly concerned with accounting and risk management issues and engages the auditors. Dr. Rolf Gerlach, the chairman of the audit committee reported regularly to the Administrative Board concerning the work of the audit committee.

In the year under review, four meetings of the Administrative Board and five meetings of the executive committee took place, during which the Management Board informed the supervisory bodies regularly and without delay about the Bank's situation and business development in 2005 as well as about its planning and strategic direction.

In the year under review, the Administrative Board dealt above all with the situation of the open-ended property funds. The focus was on Deka Immobilien Investment GmbH and especially Deka-ImmobilienFonds. Incorporating various internal and external audit findings, the management of the subsidiary developed a concept for a thorough overhaul of the investment process and risk management systems. Furthermore, based on a single property analysis, management submitted a restructuring plan for Deka-ImmobilienFonds, which extends over a four-year period. The Administrative Board and the executive and audit committees had the concepts explained to them and were informed regularly concerning the progress of their implementation in their respective meetings.

On the suggestion of the Management Board, the Administrative Board drew up a comprehensive package of measures to stabilise Deka-ImmobilienFonds and guarantee its marketability. The measures are aimed at halting further outflows and rebuilding customer confidence in the product as well as generally restoring the credibility of DekaBank Group.

After having been constituted, the audit committee held four additional meetings. In addition to the open-ended property funds situation, it concerned itself with the financial and economic situation in detail and the conversion of the consolidated financial statements to IFRS accounting policies. Furthermore, it gained an overall view of the risk management system in the DekaBank Group and the work of the internal audit.

The DekaBank Annual Meeting appointed PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft as auditors for the 2005 financial year. PwC audited the financial statements and Group financial statements for the 2005 financial year together with the Management Report and issued an unqualified audit opinion thereon. The auditors attended the meetings of the audit committee. In the accounts meeting of the Administrative Board, they reported on the findings of their audit and provided additional information. On the basis of its own audit, the Administrative Board approved the result of the auditor's report. There were no objections.

The Administrative Board has approved the financial statements for 2005 and concurs with the Annual Meeting's proposals with regard to the authorisation and appropriation of the net income.

The following changes occurred among Administrative Board members during the past year: Dr. Michael Weiss, former Chairman of the Management Board of Sachsen LB Landesbank Sachsen Girozentrale, resigned from the Administrative Board on 3 March 2005. His successor in the office of Chairman of the Management Board of Sachsen LB, Herbert Süß, was appointed to the Administrative Board by the Annual Meeting on 1 August 2005. Hans-Jürgen Klumpp sat on the Administrative Board as a provisional representative from 1 April 2005 to 31 July 2005. On 31 December 2005, Dr. Hans Lukas, former Chairman of the Management Board of Sparkasse Stormarn, resigned from the Administrative Board. The Administrative Board extends its thanks to the departing members for their valuable commitment and constructive support for the Bank and the Management Board during the past years.

Following the Annual Meeting on 17 March 2005, Axel Weber voluntarily resigned from the Management Board of DekaBank and relinquished his position as Chairman of the Management Board. By year-end 2005, Fritz Oelrich provisionally assumed the office of Chairman of the Executive Board. Effective 31 August 2005, Dr. Peter J. Mathis resigned as deputy member of the Management Board. In its meeting of 30 June 2005, the Administrative Board appointed Franz S. Waas, Ph.D. to the Management Board of DekaBank effective 1 January 2006 and named him Chairman.

The Administrative Board thanks all of the members sitting on the Management Board in 2005 as well as all staff for their efforts.

Frankfurt am Main, 23 March 2006

The Chairman of the Administrative Board
Dr. Dietrich H. Hoppenstedt

Group Financial Statements 2005

Group Profit and Loss Account
for the year from 1 January to 31 December 2005

Expenses and income

	Notes	€m	€m	2005 €m	2004 €m
1. Net interest income	[29]				
Interest income		2,748.4			3,634.6
Interest expense		2,531.3	217.1		3,334.7
2. Impairment losses	[30]		36.1		- 58.8
3. Net interest income after impairment				253.2	241.1
4. Net commission income	[31]				
Commission income			2,416.2		2,239.4
Commission expense			1,643.4	772.8	1,490.8
5. Trading profit	[32]			- 188.9	225.2
6. Profit or loss from Designated at Fair Value					
financial instruments	[33]			354.4	- 80.0
7. Profit or loss from hedging transactions					
(Hedge Accounting for Fair Value Hedge)	[34]			6.8	- 4.6
8. Profit or loss from financial investments	[35]			5.2	107.7
9. Profit or loss from trading in own issues	[36]			- 70.9	- 124.0
10. Profit or loss from associated companies	[37]			- 11.4	- 9.6
11. Administrative expenses	[38]			650.4	587.1
12. Other operating profit or loss	[39]			- 47.6	- 525.6
13. Profit or loss before tax				423.2	- 8.3
14. Income tax	[40]			83.4	- 0.8
15. Interest expense:					
atypical dormant capital contributions				19.2	51.1
16. Profit or loss before minority interests				320.6	- 58.6
17. Minority interests				0.0	0.0
18. Group net income for the year				320.6	- 58.6

Group Balance Sheet as at 31 December 2005

Assets

	Notes	€m	31.12.2005 €m	31.12.2004 €m
1. Cash and equivalents	[45]		**441.2**	**1,143.9**
2. Due from banks	[12], [46]		**49,014.5**	**48,345.5**
(net after risk provision totalling € 7.3m)				(16.4)
3. Due from customers	[12], [47]		**20,509.7**	**22,430.3**
(net after risk provision totalling € 225.3m)				(270.7)
4. Trading assets	[14], [50]			
a) Category: Held for Trading		7,342.0		**4,758.7**
b) Category: Designated at Fair Value		32,354.9	**39,696.9**	**2,153.5**
5. Positive market values from derivative hedging instruments	[15], [51]		**768.2**	**743.4**
6. Investment securities	[16], [52]		**2,117.7**	**34,895.7**
7. Investments in associates	[17], [53]		**48.6**	**40.0**
8. Intangible assets	[18], [54]		**136.5**	**166.3**
9. Tangible assets	[19], [55]		**915.9**	**641.3**
10. Income tax assets	[22], [56]		**1,091.1**	**944.3**
11. Other assets	[20], [57]		**241.6**	**211.6**
Total assets			**114,981.9**	**116,474.5**

Liabilities

	Notes	€m	31.12.2005 €m	31.12.2004 €m
1. Due to banks	[22], [59]		**31,067.2**	**32,861.1**
2. Due to customers	[22], [60]		**27,564.6**	**27,785.6**
3. Debt securities	[22], [61]		**40,541.4**	**43,449.7**
4. Trading liabilities	[62]			
a) Category: Held for Trading		2,816.5		**1,660.4**
b) Category: Designated at Fair Value		5,880.9	**8,697.4**	**2,693.6**
5. Negative market values from derivative hedging instruments	[63]		**10.2**	**819.8**
6. Provisions	[23], [24], [64], [65]		**725.2**	**956.0**
7. Income tax liabilities	[66]		**940.1**	**987.1**
8. Other liabilities	[25], [67]		**618.1**	**646.4**
9. Subordinated liabilities	[26], [68]		**2,130.0**	**2,115.5**
10. Atypical silent capital contributions	[27], [69]		**52.3**	**52.2**
11. Equity	[28], [70]			
a) Subscribed capital		286.3		
b) Capital reserves		190.3		
c) Reserves from retained earnings		1,545.2		
d) Fund for general banking risks		570.3		
e) Revaluation reserves		12.4		
f) Reserve from currency conversion		1.6		
g) Accumulated profit or loss (Group profit)		28.6		
h) Minority interests		0.7	**2,635.4**	**2,447.1**
Total liabilities			**114,981.9**	**116,474.5**

Statement of Equity

DekaBank Group

	Subscribed capital €m	Capital reserves €m	Reserves from ret'd earnings €m	Fund for general banking risk €m	Revaluation reserve €m	Currency translation reserve €m	Group profit or loss €m	Minority interests €m	Equity €m
Balance at 31.12.2003 (in accordance with Commercial Code)	**1,088.2**	**190.3**	**671.7**	**–**	**–**	**–**	**34.6**	**0.1**	**1,984.9**
Transfer of conventional dormant capital contributions	- 755.7	–	–	–	–	–	–	–	- 755.7
Transfer of atypical silent capital contributions	- 46.2	–	–	–	–	–	–	–	- 46.2
Transfer of fund for general banking risks	–	–	–	278.4	–	–	–	–	278.4
Transfer of currency translation reserves	–	–	- 0.9	–	–	0.9	–	–	–
Balance after transfers	**286.3**	**190.3**	**670.8**	**278.4**	**–**	**0.9**	**34.6**	**0.1**	**1,461.4**
Impact of first application	–	–	207.9	–	–	–	–	–	207.9
Net changes to the revaluation reserve	–	–	–	–	269.3	–	–	–	269.3
Changes to the scope of consolidation and other changes	–	–	387.5	–	–	0.7	–	–	388.2
Changes arising from first application	**–**	**–**	**595.4**	**–**	**269.3**	**0.7**	**–**	**–**	**865.4**
Allocation to retained earnings reserves	–	–	6.0		–	–	- 6.0	–	–
Balance as at 01.01.2004 (in accordance with IFRS)	**286.3**	**190.3**	**1,272.2**	**278.4**	**269,3**	**1.6**	**28.6**	**0.1**	**2,326.8**
Group profit or loss for the year	–	–	–	–	–	–	- 58.6	–	- 58.6
Net change arising from currency conversion	–	–	–	–	–	0.2	–	–	0.2
Net changes to the revaluation reserve	–	–	–	–	205.8	–	–	–	205.8
Changes to the scope of consolidation and other changes	–	–	0.1	–	–	–	–	0.6	0.7
Changes to valuation of associated companies (IAS 28.39)	–	–	–	–	0.8	–	–	–	0.8
Overall profit for the period	**–**	**–**	**0.1**	**–**	**206.6**	**0.2**	**- 58.6**	**0.6**	**148.9**
Distribution	–	–	–	–	–	–	- 28.6	–	- 28.6
Balance as at 31.12.2004	**286.3**	**190.3**	**1,272.3**	**278.4**	**475.9**	**1.8**	**- 58.6**	**0.7**	**2,447.1**
Exercise of the Fair Value option	–	–	360.1	–	- 455.9	–	–	–	- 95.8
Balance as at 01.01.2005	**286.3**	**190.3**	**1,632.4**	**278.4**	**20.0**	**1.8**	**- 58.6**	**0.7**	**2,351.3**
Group profit for the year	–	–	–	291.9	–	–	28.6	–	320.5
Net change arising from currency conversion	–	–	–	–	–	- 0.2	–	–	- 0.2
Net changes to the revaluation reserve	–	–	–	–	- 7.6	–	–	–	- 7.6
Net profit or loss for the year	**–**	**–**	**–**	**291.9**	**- 7.6**	**- 0.2**	**28.6**	**–**	**312.7**
Appropriation of retained earnings reserves	–	–	- 87.2	–	–	–	87.2	–	–
Dividends	–	–	–	–	–	–	- 28.6	–	- 28.6
Balance as at 31.12.2005	**286.3**	**190.3**	**1.545.2**	**570.3**	**12.4**	**1.6**	**28.6**	**0.7**	**2,635.4**

During the financial year, with retrospective effect as of 1 January 2005, the transitional Fair value accounting rules were applied to re-categorise options from the liabilities heading Available for Sale to Designated at Fair Value. The Revaluation Reserve of 665.9 million euros arising from re-categorised securities was re-allocated to the Retained Earnings reserve after adjustment for deferred taxes.

At the time of re-categorisation, the difference between book-value and fair value of re-categorised liabilities stood at 156.7 million euros. The Retained Earnings reserve was reduced by this difference after deduction of deferred taxes.

Cash Flow Statement
for the year from 1 January to 31 December 2005

In the cash flow statement, changes to cash and cash equivalents in the DekaBank Group are shown under cash flow from operating activities, investment activities and financing activities. The cash reserves balance corresponds to the balance-sheet item: Cash and cash equivalents (cf. Notes [45]). Differences with HGB (German Commercial Code) are not material.

DekaBank Group

	2005 €m	2004 €m
Group net income for the year	**320.6**	**- 58.6**
Non-cash items in net income and adjustments to reconcile net income with net cash from operating activities:		
+/- Write-downs / adjustments / write-ups		
to receivables	0.6	51.4
to financial investments	10.6	10.9
to tangible assets	32.0	17.6
to intangible assets	36.5	11.7
+/- Increase / decrease in provisions	57.4	580.0
+/- Profit or loss from hedging transactions	- 6.8	4.6
+/- Changes to other non-cash items	92.5	- 149.7
+/- Profits or losses from the disposal of financial assets, PP&E and intangible assets	0.2	0.2
+/- Net other adjustments	- 267.2	- 352.8
= Sub-total	**276.4**	**115.3**
Change to assets and liabilities arising from operating activities:		
+/- Due from banks	- 615.2	- 8,337.8
+/- Due from customers	1,943.4	- 91.2
+/- Trading assets	962.1	- 3,365.1
+/- Trading liabilities	1,154.9	1,174.9
+/- Financial assets	- 988.8	- 6,934.5
+/- Other assets arising from operating activities	- 16.0	- 806.7
+/- Liabilities to banks	- 1,773.8	6,143.4
+/- Liabilities to customers	- 281.3	3,159.1
+/- Securitised liabilities	- 222.5	9,308.7
+/- Other liabilities arising from operating activities	- 777.2	630.3
+ Interest received	3,422.9	3,527.0
+ Dividends received	245.5	15.5
- Interest paid	- 3,167.4	- 3,149.3
+/- Income tax payments	- 244.0	- 126.5
=/ Cash flow from operating activities	**- 81.0**	**1,263.1**
+ Proceeds from the disposal of		
financial assets	0.0	19.5
tangible assets	0.7	0.2
intangible assets	0.0	0.2
- Disbursements for the purchase of		
financial assets	- 3.0	- 4.0
shares in associated companies	- 20.3	- 24.6
tangible assets	- 478.5	- 8.6
intangible assets	- 6.7	- 13.0
- Disbursements for the purchase of subsidiary companies	0.0	- 155.4
=// Cash flow from investment activities	**- 507.8**	**- 185.7**
- Payments to company owners and minority interests	- 85.8	- 85.9
- Dividends paid	- 28.6	- 28.6
+ Inflow of funds arising from subordinated capital	0.4	299.9
- Outflow of funds arising from subordinated capital	0.0	- 150.8
=/// Cash flow from financing activities	**- 114.0**	**34.6**
= Changes to cash and cash-equivalents	- 702.8	1,112.0
+/- Other effects	0.1	- 0.1
+ Cash and cash-equivalents at beginning of period	1,143.9	32.0
= Cash and cash-equivalents at year-end	**441.2**	**1,143.9**

Notes

Notes

Accounting principles

The consolidated financial statements of DekaBank Deutsche Girozentrale have been prepared for the first time as at 31 December 2005 in accordance with internationally accepted accounting standards, International Financial Reporting Standards (IFRS) or International Accounting Standards (IAS). The standards published and adopted by the European Union at the time the financial statements were prepared and the interpretation of these standards by the International Financial Reporting Interpretation Committee (IFRIC) and the Standing Interpretations Committee (SIC) applied.

National regulations in the German Commercial Code (HGB) in the context of paragraph 315a HGB were also taken into account.

The consolidated financial statements of DekaBank were prepared for the last time as at 31 December 2004 in accordance with the provisions of the German Commercial Code. The reconciliation of the accounting from the German Commercial Code to IFRS was undertaken in accordance with the regulations in IFRS 1 (First-time application of the International Financial Reporting Standards). The reconciliation statement and explanations of the impacts of the conversion to IFRS reporting on the consolidated equity and net income required under IFRS 1 are shown in Notes [41], [71] and [72].

Accounting and valuation methods

[1] General Information

Accounting and valuation is conducted on the assumption that the company will continue in existence. The methods described were, unless otherwise noted, applied uniformly and constantly to the reporting periods shown.

Income and expenses are accrued on a pro rata basis. They are recorded and shown in the period to which they must be financially imputed. Premiums and discounts are accrued using the effective yield method and stated like accrued interest in the balance sheet item in which the underlying financial instrument is entered in the balance sheet.

All estimates and evaluations required under IFRS accounting and valuation are done in accordance with the respective standard using the best estimate, are re-valued on an ongoing basis and are based on historical experiences and other factors, including expectations of future events that appear reasonable under the given circumstances. To the extent that estimates were necessary to a fairly considerable extent the assumptions made in explaining the corresponding position are presented in detail below.

Even prior to the date of its binding application in the consolidated financial statements from 1 January 2005 the DekaBank Group has been applying the modified fair value option of IAS 39 since this gives a better picture of the asset, financial and income position. The fair value option is applied for those financial assets and commitments that are taxed in the context of risk management on a fair value basis. In addition, we have exercised the fair value option for financial instruments with embedded derivates that require to be separated.

We have adjusted the 2004 comparative figures for financial instruments with embedded derivates that must be separated and that are imputed to the category designated at Fair Value through Profit or Loss. Since the preconditions for the financial instruments taxed on a fair value basis were not yet met in financial year 2004 the comparative figures were not adjusted here. The reclassification effects as at 1 January 2005 are described in the notes on the individual items or in the equity report.

IFRS 7, which prescribes various details regarding financial instruments, was not applied early. In connection with the presentation of the risks arising from our financial instruments and the way they are taxed we refer to Note [77] or to the detailed statements in the risk report.

There was no early application of interpretation IFRIC 4 for the identification of lease relationships or of the IAS 39 amendment relating to financial guarantees. The effects of the innovation specified will probably be of lesser importance for the presentation of the asset, financial and income position of the DekaBank Group.

[2] Consolidated companies

The consolidated financial statements include, in addition to DekaBank as parent company, as in the preceding year a total of 13 domestic and 7 foreign subsidiaries in which DekaBank holds directly or indirectly more than 50 per cent of the voting rights. In contrast to the regulations under the Commercial Code, nine investment funds the investors in which are exclusively DekaBank Group companies must be consolidated pursuant to IAS 27 and SIC 12.

11 additional subsidiaries in which the Bank has a direct or indirect interest were not included. They are of lesser importance for the presentation of the asset, financial and income position of the Group. The holdings in these companies are stated as financial investments.

The holdings in S Broker AG & Co. KG (associated company) and in S PensionsManagement GmbH (joint enterprise) are included in the consolidated financial statements using the equity method.

The subsidiaries, joint enterprises, associated companies and investment funds and the companies and holdings not included because of lesser importance can be seen in the list of holdings (Note [87]).

[3] Consolidation principles
The consolidated financial statements have been prepared using accounting and valuation methods that apply throughout the Group.

The subsidiaries and investment funds are consolidated using the purchase method. All assets and liabilities of the subsidiary at the date of acquisition or the date of obtaining a controlling influence are accordingly stated at their fair value. The difference in amount arising from offsetting the acquisition costs against the fair value of the assets and liabilities is stated in intangible assets as goodwill. The book value of the goodwill is audited for impairment at least once a year and where there are indications of a possible decrease in value more than once a year (Impairment Test). If a decrease in value of goodwill is found, the goodwill will be depreciated on an extraordinary basis. The interest of non-consolidated companies in the equity or income of majority-owned subsidiaries of the Bank is stated separately as "Minority interests" in the equity capital or as "Shares of other shareholders in income" in the profit and loss account.

Intra-Group receivables and liabilities and the expenses, income and interim results from intra-Group financial and services trading are eliminated by consolidating debt and profit unless they are of lesser importance.

Joint enterprises and associated companies are included in the consolidated financial statements using the equity method unless they are of lesser importance for the presentation of the asset, financial and income position of the Group. Where a company valued at equity uses different accounting and valuation methods then appropriate adjustments are made to the IFRS Group guidelines by means of an ancillary calculation.

Interests in subsidiaries which are not included in the financial statements because they are of lesser importance and are shown in the financial investments at fair value or, if this cannot be determined reliably, at amortised cost.

[4] Financial instruments
All financial assets and commitments including all derivative financial instruments must be posted in the balance sheet pursuant to IAS 39. For estimating financial assets in the case of spot purchases and sales (Regular Way Contracts) IAS 39 provides for either trade date accounting or settlement date accounting.

The DekaBank Group uses settlement date accounting for all financial assets. Financial instruments are valued at the date of their acquisition at fair value. The subsequent valuation of financial assets and commitments is governed by which categories they are allocated to according to IAS 39 at the date of their acquisition:

– **Financial Assets or Liabilities at Fair Value through Profit or Loss**
  There is a distinction within this category between financial instruments classified as Held for Trading and those that are at the date of acquisition irrevocably Designated at Fair Value). Financial assets and commitments in this category are valued at fair value through profit or loss.

Financial instruments classified as Held for Trading are firstly those that have been acquired with the intention of achieving profits from short-term price fluctuations or from the dealer's margin. Secondly, this sub-category includes all derivatives unless they are hedging instruments as defined in IAS 39.72f.
The Designated at Fair Value subcategory can include financial instruments (Fair Value Option), for example, if the latter contain embedded derivatives that must be separated or if a group of financial instruments is managed in accordance with a documented risk management or investment strategy and their growth in value is assessed and reported based on the Fair Value.
DekaBank in principle represents the open market Treasury risk position in accordance with IAS 39.9b) ii) in the at Fair Value through Profit or Loss category. Both the risk and the results thereof are determined based on fair values and reported to the Board of Management. The aim is to harmonise management and reporting in terms of economics and commercial law.
In addition, financial instruments with separable embedded derivates are in principle allocated to this category pursuant to IAS 39.11A.
Effects of changes in the fair value are posted in the trading income or in income from financial instruments Designated at Fair Value.

– **Loans and Receivables**
Loans and Receivables are all non-derivative financial instruments that have fixed or determinable payments and are not listed on an active market. As a condition for this, the corresponding financial instruments, at the time of acquisition, must not be allocated to the Financial Assets or Liabilities at Fair Value through Profit or Loss or Available for Sale categories. Loans and Receivables must be valued at amortised cost. At any closing date and where there are indications of potential decreases in value Loans and Receivables are to be audited for impairment. Value adjustments are accordingly made as necessary (see in this regard Note [13]). In the case of a recovery in value the effect on profit is to be reflected in the profit and loss account. The amortised costs that would have arisen at the valuation date without extraordinary depreciation shall be the upper limit of the write-up.

– **Sale of available securities and receivables (Available for Sale)**
The Available for Sale category includes all non-derivative financial instruments that have not already been allocated to other categories. Financial instruments in the Available for Sale category must be valued at Fair Value. The result of the valuation is stated in Equity Capital as revaluation reserves with no effect on profit. Any impairment or realisation of valuation results shall be posted in the profit and loss account. Increases in value of debt certificates are stated in Equity Capital with an effect on profit or loss, increases in value of equity capital instruments on the other hand are stated without an effect on profit or loss. Available for Sale securities are stated as financial investments.

– **Financial investments held to maturity**
If financial assets have fixed or determinable payments and a fixed term they may in principle be allocated to the Held to Maturity category. These financial instruments must, however, have been acquired with the intent and ability to hold them to maturity. Held to Maturity assets must be valued at amortised cost. DekaBank Group currently has no Held to Maturity financial instruments. Fair Value is deemed to be the amount at which a financial instrument can be traded between competent, willing and independent parties who are making the transaction of their own free will. Where available, stock exchange prices from liquid markets were used for the valuation. Otherwise valuation models, including the cash value method and option price models, were applied using current market parameters. Financial instruments maturing on a daily basis were stated at book value. These instruments include cash in hand and cash at call.

– **Other Liabilities**
Other Liabilities includes financial liabilities including securitised liabilities unless they have been designated at Fair Value through Profit or Loss. They are stated in the balance sheet at amortised cost.

Fair Value is deemed to be the amount at which a financial instrument can be traded between competent, willing and independent parties who are making the transaction of their own free will. Where available, stock exchange prices from liquid markets are used for the valuation. Otherwise valuation models, including the cash value method and option price models, are applied using current market parameters and are also used to this extent for the daily realisation of income. Financial instruments maturing on a daily basis are stated at book value. These instruments include cash in hand and cash at call.

[5] Hedge Accounting

In hedging, changes in value or changes in cash flows arising from market price changes in an underlying transaction are offset by taking out a hedge to counter these changes. If derivative financial instruments are used as hedges IAS 39 under certain conditions permits hedge accounting in accordance with different regulations. The key preconditions for applying the hedge accounting rules are that the hedge must be documented and the hedging mechanism must be valid.

The purpose of the hedges designated in DekaBank's hedge accounting is to secure the fair value of underlying transactions against risks of interest rate changes (fair value hedge accounting). Underlying transactions for which hedging is provided are essentially transactions in the Loans and Receivables categories and liabilities with medium to long-term interest rates. Interest rate swaps are designated as hedge transactions. At the time the hedge is designated the allocation of the underlying transaction and hedge transaction and the type of the risk hedged against are documented. The effectiveness of the hedges is monitored on a daily basis. A hedge is deemed to be effective if throughout the entire term of the hedge the ratio of changes in value of the underlying and hedge transaction is between 0.80 and 1.25. If a hedge is no longer effective it is cancelled. Since monitoring of effectiveness and any necessary hedge cancellations is done on a daily basis this covers prospective measurement of effectiveness.

Changes in value of the underlying transaction that are attributable to the hedged risk are included in Hedge Income along with the Fair Value change in the hedge transaction. Where an underlying transaction would be valued at amortised cost in accordance with the general regulations the book value is adjusted by the cumulative changes in value attributable to the secured risk and has an effect on profit or loss.

[6] Structured products

Structured products are financial instruments composed of a host contract and one or more derivative financial instruments (Embedded Derivative), where the embedded derivatives constitute an integral part of the contract and cannot be treated separately. For accounting purposes under IAS 39 embedded derivatives must be separated from the host contract and accounted for in the balance sheet as independent derivatives under the following conditions:

– the hybrid financial instrument is not already valued at fair value with an effect on profit or loss,
– the economic characteristics and risks of the embedded derivative do not show any clear close relationship with those of the host contract and
– the contractual standards of the embedded derivatives would meet the preconditions for a derivative.

In the DekaBank Group separable financial instruments are included in the Designated at Fair Value category and stated in Trading assets or liabilities.

[7] Currency translation

Currency translation in the DekaBank Group is in accordance with IAS 21. All monetary foreign currency items are converted at the exchange rate on the closing date. Income from currency translation is included in Trading profit or loss with an effect on the profit or loss. Non-monetary items are converted in accordance with the valuation standard for their respective category: items valued at amortised cost are converted at the rate for the acquisition valuation (historical rate). Non-monetary items stated at Fair Value must, like monetary items, be converted at the current closing date rate although the effect of the currency translation of unhedged Available for Sale financial instruments is included in Equity Capital without an effect on profit or loss. Expenses and income are in principle converted at the closing date price for the day on which they commence to impact profit or loss.

The conversion of the financial statements of Deka(Swiss) Privatbank AG prepared in Swiss francs shall be performed using the modified closing date exchange rate method. All assets and liabilities are converted at the closing date exchange rate. The profit and loss account items are converted arithmetically at month-end exchange rates during the reporting year. Equity capital, with the exception of revaluation reserves (at the closing date exchange rate) and annual income (from the profit and loss account), is converted on the basis of the historical value ratios at the date of acquisition by the Group. The resulting translation difference is recorded in Equity capital as reserves from currency translation.

[8] Effects from first-time application of IFRS regulations

The opening balance sheet was prepared as at 1 January 2004 (Transition Date) in compliance with IFRS 1. The opening balance sheet and the preceding year's information as at 31 December 2004 are also based on the regulations applicable as at 31 December 2005.

The adjustment effects resulting from converting the accounts to IFRS were in principle offset in the opening balance sheet against other reserves from retained earnings.

The effects of using this for the first-time on the Group's equity capital are the result of the reconciliation statement of the equity capital under the Commercial Code to the equity capital under IFRS as at the opening balance sheet date or 31 December 2004 and the notes pertaining thereto (see Notes [71] and [72]). The effects on Group income for financial year 2004 are explained in Note [41].

[9] Fiduciary investments

Fiduciary investments are not stated in the balance sheet pursuant to IAS 30 but must be disclosed in the Notes if they are significant in terms of volume. Note [79] gives corresponding details regarding this.

[10] Genuine sale and repurchase agreements and securities lending transactions

The DekaBank Group engages in both securities lending and genuine security sale and repurchase agreements. Genuine sale and repurchase agreements are contracts transferring securities for payment, in which it is agreed at the same time that the securities must subsequently be transferred back to the lender in return for payment of a sum agreed in advance. Accounting for the security transferred shall in accordance with IAS 39 continue to be carried out in the accounts of the lender since the main proprietary opportunities and risks remain with the lender. A liability for the lender or a claim for the borrower shall be accounted for in the amount of the cash sum received or paid as the case may be.

The term "securities lending" means transactions where securities are transferred with the obligation that the borrower shall, after the expiry of the agreed time, transfer back securities of the same kind, quality and quantity and shall pay a consideration for the duration of the loan. The securities that are loaned are accounted for in a similar way to genuine sale and repurchase agreements. Cash securities are stated in the balance sheet of the lender as liabilities or in the balance sheet of the borrower as receivables. Securities provided by the borrower continue to be accounted for by the borrower. In the event of the sale of the securities borrowed, an obligation in relation to the lender to return same is stated as a Held for Trading liability in the Held for Trading portfolio and shown at Fair Value.

Interest income and expenses from sale and repurchase agreements and income and expenses from securities lending transactions entered into for commercial purposes are stated as trading income.

[11] Lease accounting

The decisive factor for the classification and consequently the accounting of leases is not the legal title to the leased item but primarily the economic content of the lease: if essentially all risks and opportunities associated with the legal title to the leased item are transferred to the lessee, the transaction will be classified as a finance lease. All other cases are termed operating leases.

– **DekaBank Group as Lessee**
  The leases entered into by the DekaBank Group as lessee are mainly operating leases. The leased vehicles and computer equipment are accordingly not shown in the balance sheet. The lease instalments payable by the DekaBank Group are recorded as administrative expenses. Lease instalments paid in advance were included for the correct period end accrual as deferred expenses and accrued income.

– **DekaBank Group as Lessor**
  The leases entered into by the DekaBank Group as lessor are exclusively finance leases. The balance sheet shows a claim in the amount of the net investment value. Lease instalments received are split into interest (affecting profit or loss) and repayment of principle.

[12] Receivables

Due from banks or Due from customers mainly includes loans made, non-negotiable bearer and registered bonds, call money and time deposits. Under IAS 39 the amounts due are categorised as Loans and Receivables or Available for Sale (see also Note [4] regarding this). Amounts due classified as Loans and Receivables are shown in the balance sheet at amortised cost with account taken of the risk provision. Amounts due in the Available for Sale category are shown in the balance sheet at fair value. Income from interest payments and the disposal of receivables are stated as net interest income. The income from valuation of receivables in the Available for Sale category is shown as revaluation reserves. The valuation regulations described in Note [5] apply to receivables secured in the context of fair value hedges.

[13] Risk provisions in the lending business

Default risks in the lending business are accounted for by creating specific and portfolio value adjustments including value adjustments for the countries or by creating provisions for off-balance sheet obligations.

Specific value adjustments are created to take account of acute default risks. The amount of the value adjustment here corresponds to the difference between the book value of a receivable and the cash value of the estimated future cash flows taking account of the fair value of securities discounted at the original effective interest rate of the financial instrument.

Since the specific risk provision is determined based on the cash flow valuation of the estimated future cash flows there will, if payment expectations remain the same, be an effect from the change in cash value (Unwinding) as at the subsequent closing date. Changes in cash value result in a reduction in risk provision. The cash value effect corresponds here to the actual rate of return for the achievable amount. The change in cash value is posted in the profit and loss account as interest income.

Portfolio value adjustments are made for impairments of the loan portfolio that have already occurred at the balance sheet date but have not yet become known. Receivables are in this approach grouped together in homogeneous portfolios with similar risk characteristics. In determining the value adjustments firstly, the historical probabilities of default are looked at and secondly, current developments in the economic environment.

The transfer risk is accounted for by making value adjustments for the countries. Value adjustments for country exposure are based on such factors as an internal rating system that incorporates current and historical economic, political and other data and categorises countries by risk profile. Federal Ministry of Finance publications are consulted when establishing the principles for value adjustments.

Impairments are recorded with an effect on expenses by value adjustments or direct depreciation. Cancellations of value adjustments and payments received towards depreciated receivables are recorded with an effect on profit or loss as risk provisions in the lending business. The information shown in the profit and loss account is stated as risk provisions in the lending business.

[14] Trading assets and liabilities

– Held for Trading

Financial instruments in the Held for Trading subcategory are shown as Trading Assets or Trading Liabilities. These are financial instruments that have been acquired or issued with the intention of trading, and derivatives. In the case of derivatives, the Group distinguishes between trading derivates and economic hedging derivatives, which are economic hedges but do not meet the criteria for hedge accounting as defined in IAS 39. All financial instruments in this category are valued at fair value with an effect on profit or loss. For financial instruments that are not traded on a market, standard valuation procedures (in particular the cash value method and option price model) are used to determine the balance sheet value. Unrealised valuation results and realised profits and losses are recorded as trading income with an effect on profit or loss. Interest income and dividend income minus refinancing expenses, and trading commission are also shown as trading income.

– **Designated at Fair Value**
Trading assets and liabilities also include financial instruments that have been classified for first time inclusion in the accounts as Designated at Fair Value. Financial instruments in this category are valued at fair value with an effect on profit or loss. Effects from fair value changes, interest and dividend income and refinancing expenses or reinvestment profit are recorded as profit or loss from financial instruments in the Designated at Fair Value category.

[15] Positive and negative market values from derivative hedging instruments

This item includes hedging derivatives as defined in IAS 39 (Hedge Accounting) at positive market values on the asset side or negative market values on the liabilities side of the balance sheet. The DekaBank Group uses the guidelines on Fair Value Hedge Accounting exclusively.

Hedging derivatives are valued using the Discounted Cash Flow method at fair value. The valuation results determined by Hedge Accounting for Fair Value Hedges are recorded as hedge income with an effect on profit. Current income from hedging derivatives is shown as net interest income.

[16] Financial investments

Financial investments include financial instruments that are Available for Sale such as bonds, including other fixed interest securities, shares and other securities without fixed interest, shares in subsidiaries that are not consolidated for material reasons, associated companies not valued at equity and other holdings.

The financial assets stated here are stated in the balance sheet at Fair Value unless this cannot be reliably determined. Interests in associated unlisted companies and other holdings are stated at cost. Valuation results, after taking into account deferred taxes, are recorded directly in Equity capital as revaluation reserves.

Impairments due to creditworthiness are generally recorded with an effect on profit or loss as Income from financial investments. Increases in value of outside investments must be accounted for with an effect on profit or loss as Income from financial investments. In contrast, increases in value of equity instruments that are Available for Sale are recorded with no effect on profit or loss as revaluation reserves.

The income from bonds, including that of cancelled premiums and discounts, and dividend income and current income from non-consolidated holdings in associated companies are posted as surplus interest. Realised profits and losses are recorded as income from financial investments.

[17] Associated companies

Shares in associated companies or joint enterprises are stated at cost in the consolidated balance sheet on the date they acquire a material influence or when they are formed. In the subsequent years the equity value shown in the balance sheet is adjusted by the proportionate changes in equity capital of the associated company. The proportionate annual income of the associated company accrues to the Group profit and loss account as income from associated companies. Changes in the revaluation reserves of the associated company are recorded directly as consolidated equity capital.

The equity method is applied essentially based on the last available financial statements of the associated company provided these are not more than three months old. At the date the DekaBank Group financial statements were prepared S PensionsManagement GmbH did not yet have available any current consolidated financial statements for the reporting year. For this reason a budgetary account was used for the at-equity valuation which takes account of the impacts of significant transactions and other events which have occurred or are expected to occur since the last balance sheet date of S PensionsManagement GmbH.

If there are indications of an impairment of the shares in a company valued at equity these will be reviewed (Impairment Test) and where necessary the book value of the shares will be depreciated on an unscheduled basis. Increases in value shall be made if the reasons for unscheduled depreciation no longer pertain by write-ups up to the amount of the original book value. Impairments and increases in value are recorded with an effect on profit or loss as income from associated companies.

[18] Intangible assets

In addition to software made by the Group and acquired software, intangible assets also include goodwill acquired.

Intangible assets acquired for payment are stated at amortised cost. Software developed by the Group is shown in the assets as costs of manufacture provided the inclusion criteria in IAS 38 are met. Capitalised costs mainly include personnel expenses and expenses for outside services directly involved in business development. Interest for borrowed capital is not capitalised.

Software whether made by the Group or acquired is depreciated over 3 to 4 years on a scheduled straight line basis. Where there are preconditions that no longer allow for the projected use, unscheduled depreciation will be applied.

Goodwill acquired is stated at cost as at the date of acquisition. The subsequent valuation shall be at cost less any cumulative impairment expenses. Goodwill will be audited for impairment on an annual basis and if there are indications of potential impairments more than once every year. If an impairment is found in the course of the Impairment Test unscheduled depreciation will be applied.

Scheduled and unscheduled depreciation for intangible assets are recorded as administrative expenses in the profit and loss account.

[19] Property, plant and equipment

Property, plant and equipment includes land and buildings used for the company's own commercial activities as well as properties acquired for the purpose of generating income, so-called "investment properties". Property, plant and equipment are stated at amortised cost. Deferred expenditure for property, plant and equipment has been capitalised if an increase in future potential for use is a viable assumption. All other deferred expenditure is recorded as expenses. Property, plant and equipment not shown in the accounts as Investment Property are depreciated on a straight line basis over the following periods in accordance with its probable useful economic life:

	Useful life in years
Buildings	25 – 50
Plant and equipment	2 – 15
Technical equipment and machinery	2 – 10

Low-value economic assets as defined in § 6 paragraph 2 Income Tax Act (EStG) have been fully depreciated on material grounds in the year in which they were acquired.

Impairments in excess of amortised cost are depreciated on an unscheduled basis. Scheduled and unscheduled depreciation is stated as an administrative expense, profits and losses from the disposal of property, plant and equipment is recorded as other operating income.

Properties leased to third parties or acquired to generate income are classified as Investment Properties if they are held with the intention of achieving rental income and/or appreciation in value. Even substantial parts used by non-Group companies in mixed use properties are stated separately as Investment Properties provided the criterion is met that they can be let or sold separately. Investment Properties are valued at fair value, the valuation results are stated as administrative expenses.

[20] Other assets

This line in the balance sheet includes assets which when considered separately in each case are of minor importance and cannot be allocated to any other line in the balance sheet. Receivables are valued at amortised cost. The positive valuation effects of Regular Way financial instruments valued at fair value, the settlement date of which, is after the balance sheet date are also stated in "Other assets".

[21] Income taxes

Current income tax claims or liabilities are calculated at the current rates of tax expected for payments to or refunds from the tax authorities.

Deferred income tax claims and liabilities are created for temporary differences between the estimated values of assets and liabilities in the IFRS balance sheet and the tax balance sheet. They are calculated based on the tax rate projected for the date they are settled. Deferred taxes are stated on the liabilities side for temporary differences resulting in tax charges when settled. If tax savings are projected when temporary differences are settled deferred taxes shall be stated on the asset side. Actual income tax claims and liabilities and deferred taxes on the asset and liability side are stated without a balance and are not discounted. Deferred taxes on temporary differences that have arisen with no effect on profit or loss are also recorded with no impact on profit or loss as revaluation reserves.

For loss carry forwards chargeable to tax, deferred taxes are stated on the asset side if it is probable that they will be utilised. Loss carry forwards in Germany can be carried forward for an unlimited period. Foreign loss carry forwards which cannot be carried forward for an unlimited period are shown by maturity. Deferred taxes on the asset side arising from temporary differences and loss carry forwards are audited for impairment at each balance sheet date.

[22] Liabilities

Financial liabilities including securitised liabilities provided they have not been designated at Fair Value through Profit or Loss (see Note [4]), are accounted for in the balance sheet at (amortised) cost. Fair Value through Profit or Loss liabilities are valued at fair value with an effect on profit or loss. The valuation guidelines described in Note [5] apply to liabilities which have been designated as hedge relationships in the context of hedge accounting.

[23] Provisions for pensions and similar commitments

The Group offers employees various types of retirement benefits. They include both defined contributions schemes and defined benefit schemes.

For the defined contribution schemes a fixed amount is paid to an external pension fund. There are no additional legal or factual obligations on the employer to pay any other amounts. The Group does not create any reserves for such commitments.

For defined benefit schemes the extent of the obligation is calculated by independent actuarial experts. In these cases at each closing date the present value of the pension entitlements earned (Defined Benefit Obligation) is determined using the Projected Unit Credit Method. The allocation to pension reserves is already established at the start of the financial year in accordance with the expense-related approach in IAS 19. Discrepancies between the assumptions made and what actually develops during the financial year, lead, just like the annual updating of the actuarial assumptions, to differences between the book value of the pension reserves and the present value of the accumulated pension entitlements on the balance sheet date. These so-called actuarial profits and losses are shown in the balance sheet in accordance with the corridor approach as from the following year. If on the balance sheet date there is a difference of more than 10 per cent between the book value and the present value of the pension entitlements earned this is amortised with an effect on profit or loss over the average residual working life of the active employees.

Within the defined benefit commitments of the DekaBank Group a distinction is made once again between final salary based commitments and fund based commitments. Fund-based commitments are contribution-based commitments with a guaranteed minimum benefit. The contributions are provided by both employer and employee and are invested in fund units and life insurance policies. When benefits become due the employee is entitled to a contractually guaranteed minimum benefit or to the market value of the underlying fund units if higher. Both components of the fund-based commitment are valued separately. The extent of the commitment is derived from the higher value in each case.

In financial year 2005 plan assets were created for the fund-based pension commitments of the DekaBank Group in the form of a Contractual Trust Arrangement (CTA). The plan assets are held by a legally independent trustee – Deka Trust e.V. – and invested in accordance with the provisions of the service agreement on the fund-based retirement pension scheme. Existing budgeted assets are valued at fair value and act to decrease the pension reserves in the balance sheet. Anticipated income from budgeted assets is offset against the allocation to reserves for pensions and similar commitments.

[24] Other provisions

Provisions in the amount of the anticipated draw-down are created (using the best estimate) for uncertain obligations to third parties and imminent losses from pending transactions. Long-term provisions are discounted where the effect is material. Provisions for expenses that do not relate to an external liability have, in accordance with IFRS, not been created. Allocations or Cancellations are made of the size of income that corresponds in terms of content with the provision. Provisions for credit risks in the off-balance sheet lending business are created as a charge against the risk provision in the lending business and cancelled for the benefit of same. Provisions for restructuring have been created mainly for the help afforded by the Deka-ImmobilienFonds.

[25] Other liabilities

Other liabilities include accruals and liabilities which when considered separately in each case are of minor importance and cannot be allocated to any other line in the balance sheet. They are valued at amortised cost.

[26] Subordinated capital

Subordinated capital in the balance sheet includes subordinated liabilities, profit sharing issues and typical silent capital contributions Silent capital contributions recognised as liable equity capital under supervisory law and as defined in the Banking Act [KWG] must be shown in the balance sheet as borrowed capital in accordance with the provisions in IAS 32 pursuant to the contractual termination right, regardless of the likelihood that it will be exercised. The same applies to the atypical silent capital contributions which are discussed in the following item. Subordinated capital is included at amortised cost.

[27] Atypical silent capital contributions

Atypical silent capital contributions are liable equity within the meaning of § 10 Banking Act or equity capital shown in the balance sheet under German commercial law. Under IAS 32 atypical silent capital contributions must, however, be treated as borrowed capital since atypical silent partners have a contractual termination right after the expiry of 15 years. The possibility of termination is sufficient for classification as borrowed capital under IAS 32, regardless of the fact that the partner that wishes to terminate has a contractual duty to give notice to the other atypical silent partners. From an economic point of view the atypical silent capital contributions represent equity capital: the partners have a securitised residual claim embodying both a share in the loss and entitlement to a share in the hidden reserves of DekaBank.

Atypical silent capital contributions are stated in the balance sheet at their nominal amount. The basis for calculating the distribution to atypical silent partners is DekaBank's annual net income under commercial law plus certain taxes that can be withdrawn. This is included as a separate item – Interest expenses for atypical silent capital contributions – in accordance with the annual pre-tax result.

[28] Equity capital

Subscribed capital is the capital to be paid in or already paid in by the partners according to the Articles of Association. Capital reserves include the premiums from the issue of business shares in accordance with the provisions of the Articles of Association. Directly imputable external costs incurred with the issue or acquisition of equity capital securities (transaction costs) are deducted from capital reserves with no effect on profit or loss.

Reserves from retained earnings have been divided into those that are pursuant to statute or Articles of Association and other reserves from retained earnings. Other reserves from retained earnings include reinvested profits from preceding years. In addition, the effects of applying IFRS for the first time (with the exception of the Fair Value valuation effects from the first application for Available for Sale instruments) are stated in other reserves from retained earnings.

Fair Value valuation effects of Available for Sale instruments are stated in revaluation reserves, where necessary taking account of deferred taxes. The profits or losses are not recorded with an effect on profit or loss until the asset is sold or written down because of an impairment.

The amounts allocated in the context of profit appropriation pursuant to IAS 30 are stated in the fund for general banking risks. Minority interests are shown as a separate sub-item in Equity Capital.

Stabilisation of Deka-ImmobilienFonds as reflected in balance sheet

Restructuring expenses of 564.5 million euros arose in 2004 for the stabilisation and restructuring of the Deka-ImmobilienFonds. These comprised both the expenses associated with the performance-stabilisation measures in the restructuring phase and those arising from the granting of sales incentives. A total of 266.1 million euros of the restructuring reserves was used in 2005.

In the context of the review of the provisions prescribed for each closing date pursuant to IAS 37.59, the basis and level of the provision was re-valued taking account of all available information and in compliance with the provisions in IAS 37.10ff and IAS 37.36 ff. Account was taken firstly of the fact that for the fund's financial year 2005/2006 there was also the prospect of 2% performance for the Deka-ImmobilienFonds. In addition, potential stabilisation subsidies were also taken into account to cushion investor risks for the fund's financial year 2006/2007. Both the estimate of the amount of the outflow of resources due to stabilisation subsidies and the estimate of the probability of occurrence are best estimates, discounting was done at an interest rate of 2.67 per cent. They are however uncertain. In 2005 the provision allocated for this is 66.8 million euros.

It is not possible to make a qualified estimate of the outflow of resources with effect from financial year 2007/2008. No provision is to be made for this taking account of IAS 37.19 in conjunction with IAS 37.42-50. Contingent liabilities are therefore stated as 344 million euros. In the context of capacity to sustain risk, reserves for general banking risks in the same amount are no longer accounted for as the primary hedging potential for other banking business.

Notes to profit and loss account

[29] Surplus interest

This item includes, in addition to interest income and expenses, prorated cancellations of premiums and discounts from financial instruments. This does not include profits from financial instruments in the Held for Trading and Designated at Fair Value categories unless they are currency swaps for money transactions in the bank book (deposit swap business). Based on the classification in IAS 32 of silent capital contributions as borrowed capital the payments to typical silent partners are recorded as interest expenses.

	2005 €m	2004 €m	Change €m
Interest income from			
Loan and money market transactions	2,472.8	2,218.9	+ 253.9
Fixed-interest securities and bonds issued in book-entry form	50.4	1,156.2	- 1,105.8
Hedging derivatives (Hedge Accounting)	220.8	249.5	- 28.7
Current income from			
Shares and other non fixed-interest securities	0.7	6.3	- 5.6
Equity investments	1.3	1.2	+ 0.1
Interests in associated companies	–	–	–
Result from leasing business	2.4	2.5	- 0.1
Total interest income	**2,748.4**	**3,634.6**	**- 886.2**
Interest expenses for			
Liabilities	1,104.9	1,569.4	- 464.5
Hedging derivatives (Hedge Accounting)	57.1	326.7	- 269.6
Securitised liabilities	1,242.9	1,311.3	- 68.4
Subordinated capital	62.4	63.3	- 0.9
Typical silent capital contributions	28.1	28.1	–
Perpetuals	35.9	35.9	–
Total interest expenses	**2,531.3**	**3,334.7**	**- 803.4**
Surplus interest	**217.1**	**299.9**	**- 82.8**

In the reporting year 15.2 million euros in interest (in preceding year: €14.8m) was collected for specific value adjusted loans.

In the reporting year the securities positions of DekaBank Frankfurt and the consolidated investment funds of the DekaBank Group were re-categorised retroactively as at 1 January 2005 from Available for Sale to Designated at Fair Value. In addition, the Group's own issues where the Bank exercises a market making function were re-categorised as Designated at Fair Value. If the fair value option had been exercised as early as 1 January 2004 this would have resulted in a €100.8m reduction in surplus interest the previous year.

[30] Risk provision in the lending business

Risk provision in the profit and loss account is represented as follows:

	2005 €m	2004 €m	Change €m
Allocations to risk provision	- 33.7	- 89.6	+ 55.9
Direct depreciation of receivables	- 0.2	- 18.5	+ 18.3
Cancellation of risk provision	70.0	49.2	+ 20.8
Payments received towards depreciated receivables	–	0.1	- 0.1
Risk provision in the lending business	**36.1**	**- 58.8**	**+ 94.9**

[31] Surplus commission

	2005 €m	2004 €m	Change €m
Commission income from			
Investment fund business	2,266.7	2,115.0	+ 151.7
Securities business	110.6	99.0	+ 11.6
Lending business	8.2	5.0	+ 3.2
Other	30.7	20.4	+ 10.3
Total commission income	**2,416.2**	**2,239.4**	**+ 176.8**
Commission expenses for			
Investment fund business	1,617.9	1,474.2	+ 143.7
Securities business	22.6	14.4	+ 8.2
Lending business	1.0	0.3	+ 0.7
Other	1.9	1.9	–
Total commission expenses	**1,643.4**	**1,490.8**	**+ 152.6**
Surplus commission	**772.8**	**748.6**	**+ 24.2**

[32] Trading profit or loss

Trading profit or loss comprises sale and valuation results, interest and dividend gains and commission from financial instruments in the Held for Trading sub-category. Valuation results are essentially determined based on market prices. If no market prices are available market values are calculated using standard valuation methods based on current market data. Interest results from repurchase/loan transactions that have been entered into for commercial purposes, and from money transactions which have been entered into for the purpose of refinancing or reinvestment of trading positions are also stated here. In addition, the result from currency translation of foreign currency items is shown as trading profit or loss.

	2005 €m	2004 €m	Change €m
Sale/valuation result of interest-reactive products	- 74.4	108.7	- 183.1
Sale/valuation result of share-reactive products	7.8	0.2	+ 7.6
Sale/valuation result of other products	1.9	- 0.2	+ 2.1
Currency result	- 3.0	- 18.9	+ 15.9
Interest result of non-derivative financial instruments	25.2	61.1	- 35.9
Current income of non-derivative financial instruments	69.7	0.1	+ 69.6
Interest result of derivatives (trade)	- 4.5	- 5.8	+ 1.3
Interest result of derivatives (economic hedging transactions)	- 151.1	102.3	- 253.4
Interest result and current income from trading transactions	- 60.7	157.7	- 218.4
Refinancing expenses	- 57.5	- 20.7	- 36.8
Commission for trading transactions	- 3.0	- 1.6	- 1.4
Total	**- 188.9**	**225.2**	**- 414.1**

Negative valuation results in the sum of 32.7 million euros contained in the trading result have been determined based on valuation models.

[33] Result from financial instruments in the Designated at Fair Value category

The result from financial instruments allocated to the Designated at Fair Value sub-category comprises firstly their sale and valuation result. Secondly, the current interest results arising from these items and the corresponding refinancing expenses or reinvestment gains are stated here. Refinancing or reinvestment gains arise in a similar way to refinancing expenses for trading positions mainly from interest charged on the holdings at the overnight interest rate. Valuation results are essentially determined using market prices. If no market prices are available the market values are calculated based on current market data using standard valuation methods.

	2005 €m	2004 €m	Change €m
Sale result	7.2	1.1	+ 6.1
Valuation result	4.5	- 53.1	+ 57.6
Interest result	928.1	- 55.2	+ 983.3
Refinancing expenses	- 585.4	27.2	- 612.6
Total	**354.4**	**- 80.0**	**+ 434.4**

In the reporting year the securities positions of DekaBank Frankfurt and the consolidated investment funds of the DekaBank Group were re-categorised retroactively as at 1 January 2005 from Available for Sale to Designated at Fair Value. In addition the Group's own issues in which the Bank exercises the market making function have been re-categorised as Designated at Fair Value. If the Fair Value option had been applied for 2004 the previous year's result would have been shown as €417.8m higher. The result from the change in value of liabilities that are categorised on the balance sheet date as Designated at Fair Value is up 15.9 million euros for the financial year. Of this €+25.3m is attributable to interest-based changes in value and €-9.4m is attributable to changes in value based on creditworthiness. The change in value related to creditworthiness arises from the difference in amount between the result based on a Full Fair Value valuation and the result from a valuation based on swap rates of the corresponding issue currency.

The result from financial instruments in the Designated at Fair Value category includes €67.4m negative valuation results which were determined using valuation models.

[34] Income from hedges (Hedge Accounting for Fair Value Hedges)

Changes in the value of the underlying transactions that are attributable to the risk hedged against together with the Fair Value change in the hedge transactions are recorded as income from hedges. Income from hedges is therefore composed as follows:

	2005 €m	2004 €m	Change €m
Valuation result from secured underlying transactions	- 134.9	47.8	- 182.7
Valuation result from hedging derivatives	141.7	- 52.4	+ 194.1
Total	**6.8**	**- 4.6**	**+ 11.4**

Income from hedges has been fully determined based on valuation models.

[35] Income from financial investments

Income from financial investments includes credit-rating induced valuation and sales income of Available for Sale securities and of holdings and interests in non Group companies that are not valued at equity.

	2005 €m	2004 €m	Change €m
Sales income from			
Available for Sale securities	4.4	108.9	- 104.6
Equity investments	–	0.1	- 0.1
Sales income from financial investments	**4.4**	**109.0**	**- 104.7**
Depreciation due to impairment on			
Available for Sale securities	0.1	–	+ 0.1
Equity investments	–	3.4	- 3.4
Interests in associated companies	–	0.1	- 0.1
Depreciation on financial investments	**0.1**	**3.5**	**- 3.4**
Write-ups after impairment for			
Available for Sale securities	0.9	2.2	- 1.3
Total	**5.2**	**107.7**	**- 102.6**

In the reporting year the securities of DekaBank Frankfurt and of the consolidated investment funds of DekaBank Group were re-categorised with retroactive effect as at 1 January 2005 from Available for Sale to Designated at Fair Value. The value for the preceding year would have been €-0.6m if the fair value option had been exercised.

[36] Income from repurchased Group issues

Repurchase of Group registered and bearer bonds and of promissory note loans that have been taken out results in a reduction in the liability (net result). Repurchase is generally associated with income realised in the amount of the difference between repurchase and book rate.

[37] Income from associated companies

Ṡ PensionsManagement Group generated in financial year 2005 a prorated negative result of 8.6 million euros in accordance with the latest income forecast (preceding year: €-2.0m).

For S Broker AG & Co. KG a prorated negative result of 2.8 million euros (preceding year: €-7.6m) was attributable to DekaBank in the financial year ended.

[38] Administrative expenses

Administrative expenses comprise personnel expenses, other administrative expenses and depreciation. The break-down of the respective items is as follows:

	2005 €m	2004 €m	Change €m
Personnel expenses			
Wages and salaries	229.8	226.3	+ 3.5
Social security contributions	30.1	29.7	+ 0.4
Expenses for retirement pension and financial assistance	25.3	25.9	- 0.6
Total personnel expenses	**285.2**	**281.9**	**+ 3.3**
Other administrative expenses			
Marketing and sales expenses	53.5	50.9	+ 2.6
Computer equipment and machinery	50.8	40.2	+ 10.6
Consultancy expenses	71.3	57.5	+ 13.8
Costs of premises	45.9	45.1	+ 0.8
Postage/phone/office equipment and IT services	30.5	36.7	- 6.2
Other administrative expenses	44.7	43.7	+ 1.0
Total other administrative expenses	**296.7**	**274.1**	**+ 22.6**
Scheduled depreciation of property, plant and equipment	16.4	17.7	- 1.3
Scheduled depreciation of intangible assets	11.5	11.7	- 0.2
Extraordinary depreciation of property, plant and equipment	15.6	1.7	+ 13.9
Extraordinary depreciation of intangible assets	25.0	–	+ 25.0
Total	**650.4**	**587.1**	**+ 63.3**

Other administrative expenses include specifically expenses for vocational and continuing education, the costs of the annual financial statements and auditors' costs and membership subscriptions to various organisations.

The full amount of extraordinary depreciation on intangible assets is the result of the impairment of the goodwill of WestInvest Gesellschaft für Investmentfonds mbH. Extraordinary depreciation on property, plant and equipment relates exclusively to investment properties.

Administrative expenses include payments from non-terminable operating leases where DekaBank acts as lessee. The following minimum sums are payable under these contracts in the next few years:

	2005 €m	2004 €m	Change €m
up to 1 year	4.3	5.2	- 0.9
between 1 and 5 years	11.2	9.4	+ 1.8

[39] Other operating income

Other operating income is broken down as follows:

	2005 €m	2004 €m	Change €m
Other operating income			
Rental and lease income (Operating Lease*)	13.9	39.5	- 25.6
Write backs of provisions for restructuring	15.4	2.4	+ 13.0
Write backs of other provisions	8.5	1.8	+ 6.7
Other income	10.8	17.6	- 6.8
Total other operating income	48.6	61.3	- 12.7
Other operating expenses			
Creation of provisions for restructuring	69.3	564.5	- 495.2
Other taxes	0.1	- 0.5	+ 0.6
VAT from provision of in-house services	11.1	7.9	+ 3.2
Other expenses	15.7	15.0	+ 0.7
Total other operating expenses	96.2	586.9	- 490.7
Total	**- 47.6**	**- 525.6**	**+ 478.0**

* DekaBank is lessor

[40] Income taxes

This item includes all domestic and foreign taxes determined based on the annual result. Income tax expenses comprise the following:

	2005 €m	2004 €m	Change €m
Current tax expenses	64.7	220.9	- 156.2
Deferred taxes	18.7	- 221.7	+ 240.4
Total	**83.4**	**- 0.8**	**+ 84.2**

The rate of tax that applies in Germany comprises the applicable corporation tax rate of 25 per cent including the 5.5 per cent solidarity surcharge and the trade tax rate based on the respective rate of assessment. Because trade tax can be deducted in determining corporation tax and DekaBank is treated for tax purposes as an atypical dormant company this results for the DekaBank Group companies in a total valuation rate for deferred taxes of 33.06 per cent. The other domestic companies determine their deferred taxes at a rate of approximately 40 per cent. The tax rate that applies to the country in question is used for calculating the deferred taxes for the foreign companies. For the foreign companies in the DekaBank Luxembourg group of companies this tax rate is 29.63 per cent.

The following reconciliation statement shows the connection between the annual result before income tax and the tax expense:

	2005 €m	2004 €m	Change €m
Pre-tax income (IFRS)	423.2	- 8.3	+ 431.5
* Income tax rate	33.06%	33.06%	
= Projected income tax expense in financial year	139.9	- 2.7	+ 142.6
Increase by taxes on non-deductible expenses	4.1	1.8	+ 2.3
Decrease by taxes on tax-exempt income	54.4	51.0	+ 3.4
Effects of actual tax rates that differ	- 11.7	- 12.7	+ 1.0
Effects of changes in tax rates	- 0.3	–	- 0.3
Taxes on depreciation on goodwill	8.3	–	+ 8.3
Tax effects of past periods	- 16.6	22.6	- 39.2
Write back of deferred taxes for future tax-exempt gains	–	0.8	- 0.8
Taxes on joint venture/holdings in partnerships	- 0.2	3.1	- 3.3
Taxes on results of *Organschaften* [special agreements between 2 companies with their own legal personalities]	–	0.7	- 0.7
Tax effect of investment funds	7.2	31.0	- 23.8
Withholding tax	1.0	0.4	+ 0.6
Tax effect of equity valuation	3.7	4.6	- 0.9
Other	2.4	0.6	+ 1.8
Tax expenses according to IFRS	**83.4**	**- 0.8**	**+ 84.2**

The main change in the tax effects from previous periods is the result of a tax refund of 21.6 million euros due to the transfer of business responsibilities to DekaBank Luxembourg S.A.

The €8.3m increase in tax expenses under IFRS due to the depreciation of goodwill relates to DekaBank's holding in WestInvest Gesellschaft für Investmentfonds mbH (see Note [54]).

[41] Reconciliation of net surplus for the year 2004 from German Commercial Code (HGB) to IFRS

€m	German Commercial Code after reclassification for IFRS purposes	Impact the adjust-ment to IFRS	IFRS
Surplus interest	247.9	52.0	299.9
Risk provision in lending business	- 357.8	299.0	- 58.8
Surplus commission	751.8	- 3.2	748.6
Trading income	42.1	183.1	225.2
Result from financial instruments in			
Designated at Fair Value category	- 26.0	- 54.0	- 80.0
Result from hedging transactions (Hedge Accounting)	5.0	- 9.6	- 4.6
Result from financial investments	360.4	- 252.7	107.7
Result from associated companies	- 9.8	0.2	- 9.6
Result from repurchased Group issues	- 31.1	- 92.9	- 124.0
Administrative expenses	- 597.0	9.9	- 587.1
Other operating income	- 41.6	- 484.0	- 525.6
Annual pre-tax result	**343.9**	**- 352.2**	**- 8.3**
Income taxes	- 218.6	219.4	0.8
Interest expenses for atypical silent capital contributions	- 51.1	–	- 51.1
Allocation/cancellation of funds for general banking risks	- 32.0	32.0	–
Profit available for distribution (before allocation to reserves from retained earnings)	**42.2**	**- 100.8**	**- 58.6**

The surplus interest increased mainly by the interest income from the consolidated investment funds. The financial statements prepared under the German Commercial Code took account of the deferred risks for financing the stabilisation measures for the Deka-ImmobilienFonds by creating a provision reserve in accordance with § 340f Commercial Code. The allocation was included as risk provision in the lending business. In the IFRS financial statements, instead of this provision reserve a restructuring provision was allocated for the other income.

The adjustments due to the valuation of fair value financial instruments with an impact on profit or loss are reflected in the changes in the following items: trading income, income from financial instruments Designated at Fair Value and income from hedging transactions.

In income from financial investments the profit reserves realised in the financial statement under the Commercial Code from the return of consolidated investment fund units are eliminated. Further adjustment effects in this line result from the valuation of Available for Sale securities with no effect on profit or loss. The income taxes were adjusted by deferred taxes.

Segment Reporting

[42] Notes to the segment reporting

DekaBank Group manages its activities on the basis of internal segment accounting. Activities with the same core competency are integrated into segments. Classification into segments is undertaken following a risk/reward approach (the segments have a homogeneous opportunity and risk structure), a management approach (i.e. segmentation reflects the Group's internal organizational and reporting structures) and size guidelines.

Our segment reporting breaks down into the following segments:

– **Corporate Banking**
  All business activities that are subject to credit default risk are grouped within the corporate banking segment. Credit default risk is defined as the risk of losses arising from the decrease in credit rating or default of a counterparty or issuer.

– **Asset Management – Capital Markets**
  The segment asset management – capital markets consists of all Group activities directly concerned with the realization of earnings and asset enhancement through the investment of customer funds in capital market products.

– **Asset Management – Property**
  This segment reflects all Group activities directly concerned with the realization of earnings and asset enhancement through the investment of funds in property within the framework of open-ended investment funds.

– **Financial Services**
  This segment includes income from custodial and investment fund services as well as from transaction services (including account services and custodial business) as well as all sales activities. In addition, all sales activities are documented. Here, DekaBank Group acts as a mediator between customer and market, i.e. it does not enter into active risks.

– **Capital Markets**
  The capital markets segment comprises all activities aimed at leveraging market and valuation differences for the benefit of DekaBank Group. It also reflects the contribution to Group income made by market risk management, i.e. by strategic positions.

– **Corporate Centre/other/consolidation**
  Alongside cross-segmentation consolidation activities, this segment reflects contributions to net income that are not clearly attributable to any other segment, such as own account investments (e.g. holdings, property) and imputed interest on own funds. Aperiodic items and non-recurring special factors that would lead to a distortion of the particular segment result are also shown here.

Income and expenses are allocated according to the originating segment. Net interest income is assigned according to origin to the margin contribution from lending and deposit business, net interest income from trading activities and maturity gaps as well as imputed return on equity (ROE). Administrative expenses comprise staff and general and administrative expenses, depreciation and other operating expenses.

The DekaBank Group's special expenses relating to support measures for Deka-ImmobilienFonds were allocated to the Asset management-Property segment.

The statement of risk assets is based on statutory compliance regulations.

[43] Segmentation by business segment (main reporting format)

€m	Corporate Banking 2005	Corporate Banking 2004	Asset Management Capital Markets 2005	Asset Management Capital Markets 2004	Asset Management Property 2005	Asset Management Property 2004	Financial Services 2005	Financial Services 2004	Capital Markets 2005	Capital Markets 2004	Corporate Centre/ Other 2005	Corporate Centre/ Other 2004	Total Group 2005	Total Group 2004
Net interest income (incl. equity investments)	74.5	77.0	–	–	–	–	13.5	10.0	135.3	210.5	- 6.2	2.4	217.1	299.9
Risk provision in the lending business	36.1	- 58.8	–	–	–	–	–	–	–	–	–	–	36.1	- 58.8
Net interest income after risk provision	110.6	18.2	–	–	–	–	13.5	10.0	135.3	210.5	- 6.2	2.4	253.2	241.1
Net commission income	7.3	3.8	475.7	423.5	96.4	149.4	200.7	178.1	- 7.3	- 6.2	–	–	772.8	748.6
Financial income[1]	21.7	- 0.3	–	–	- 0.7	- 7.8	–	–	121.4	148.7	29.9	–	172.3	140.6
Income from other financial investments[2]	1.9	0.2	–	–	–	–	–	–	3.2	110.6	- 11.3	- 12.7	- 6.2	98.1
Income from repurchase of own issuances	–	–	–	–	–	–	–	–	- 70.9	- 124.0	–	–	- 70.9	- 124.0
Other operating income	8.2	21.4	0.7	1.4	0.1	1.5	2.4	1.8	0.2	0.9	21.6	34.3	33.2	61.3
Administrative expenses[3]	31.5	43.8	295.0	276.5	141.2	94.4	73.9	81.0	45.1	40.0	90.6	73.8	677.3	609.5
Restructuring expenses	–	–	- 0.8	–	54.6	564.5	–	–	–	–	0.1	–	53.9	564.5
Net income before taxes	**118.2**	**- 0.5**	**182.2**	**148.4**	**- 100.0**	**- 515.8**	**142.7**	**108.9**	**136.8**	**300.5**	**- 56.7**	**- 49.8**	**423.2**	**- 8.3**
Segment assets	15,040.2	15,883.4	79.9	65.2	1,774.1	1,925.7	3,358.6	7,492.4	92,022.6	88,136.9	2,706.5	2,970.9	114,981.9	116,474.5
Segment liabilities	13,171.4	14,029.2	60.2	51.1	1,975.3	2,333.7	3,354.6	7,488.3	91,917.7	88,211.1	1,815.0	1,861.8	112,294.2	113,975.2
Risk assets	10,235.1	10,109.7	35.1	16.6	1,620.6	1,737.2	127.0	98.3	11,697.0	11,971.7	1,596.4	1,184.8	25,311.2	25,118.3
Cost income ratio[4]	0.30	0.45	0.62	0.65	1.48	0.66	0.57	0.63	0.26	0.12	–	–	0.61	0.50

1) contains the trading income, the income from financial instruments of the category Designated at Fair Value and the income from hedging relations (Hedge Accounting for Fair Value Hedges)
2) includes income from companies valued at equity
3) includes other operating expenses and provision of in-house services
4) Calculation of the cost-income ratio without consideration of restructuring expenses and the risk provision in the lending business

[44] Segmentation by geographical market (secondary reporting format)

Allocation to segments according to the location of the branch office or Group company:

€m	Germany 2005	Germany 2004	Luxembourg 2005	Luxembourg 2004	Other 2005	Other 2004	Total Group 2005	Total Group 2004
Income	786.5	861.1	323.5	260.5	44.4	44.1	1,154.4	1,165.7
Net income before taxes	163.9	- 170.6	232.3	135.1	27.0	27.2	423.2	- 8.3
Segment assets	105,522.3	108,772.8	9,420.4	7,659.9	39.2	41.8	114,981.9	116,474.5
Segment liabilities	103,130.5	106,969.5	9,147.0	6,987.7	16.7	18.0	112,294.2	113,975.2

Notes to the accounts

[45] Cash reserves

Cash reserves are broken down as follows:

	31.12.2005 €m	31.12.2004 €m	Change €m
Cash in hand	3.8	3.7	+ 0.1
Balances in central banks	437.2	1,140.1	- 702.9
Balances in post office banks	0.2	0.1	+ 0.2
Total	**441.2**	**1,143.9**	**- 702.7**

The balances in central banks include balances in the Deutsche Bundesbank of 295.7 million euros (previous year: €1,139.6m). The required minimum reserve was constantly maintained in the year under review and at year-end came to 271.1 million euros (previous year: €369.5m).

[46] Due from banks

	31.12.2005 €m	31.12.2004 €m	Change €m
Domestic banks	43,186.6	38,612.5	+ 4,574.1
Foreign banks	5,835.2	9,749.4	- 3,914.2
Due from banks before risk provision	**49,021.8**	**48,361.9**	**+ 659.9**
Risk provision in the lending business	- 7.3	- 16.4	+ 9.1
Total	**49,014.5**	**48,345.5**	**+ 669.0**

For genuine repurchase agreements, DekaBank paid 7,078.6 million euros (previous year: €963.8m) as lender.

[47] Due from customers

	31.12.2005 €m	31.12.2004 €m	Change €m
Domestic borrowers	15,229.3	17,928.9	- 2,699.6
Foreign banks	5,505.7	4,772.1	+ 733.6
Due from customers before risk provision	**20,735.0**	**22,701.0**	**- 1,966.0**
Risk provision in the lending business	- 225.3	- 270.7	+ 45.4
Total	**20,509.7**	**22,430.3**	**- 1,920.6**

Indeterminate-term amounts due from customers come to 2,131.4 million euros (previous year: €1,806.4m). For genuine repurchase agreements, DekaBank paid 1,551.9 million euros (previous year: €358.3m).

For claims from finance leasing agreements contained in the account, the gross investment value is transferred to the cash value of the minimum lease payments as follows:

	31.12.2005 €m	31.12.2004 €m	Change €m
Outstanding minimum lease payments	43.1	48.8	- 5.7
+ non-guaranteed residual values	–	–	–
= gross investment	**43.1**	**48.8**	**- 5.7**
./. unrealized financial income	5.1	7.4	- 2.3
= net investment	**38.0**	**41.4**	**- 3.4**
./. cash value of non-guaranteed residual values	–	–	–
= cash value of the minimum lease payments	**38.0**	**41.4**	**- 3.4**

The following table shows the times to maturity of the gross investment values and of the cash values of the outstanding minimum lease payments:

	31.12.2005 €m	31.12.2004 €m	Change €m
Time to maturity of the total gross investment			
up to 1 year	5.8	5.8	–
more than 1 year and up to 5 years	37.3	43.1	- 5.8
Time to maturity of the cash values of the minimum lease payments			
up to 1 year	3.6	3.4	+ 0.2
more than 1 year and up to 5 years	34.4	38.0	- 3.6

[48] Lending volume

As at the closing date, the lending volume shown on the balance sheet plus irrevocable lending commitments and contingent liabilities came to 54.2 billion euros (previous year: €52.5bn). Cash deposits in domestic or international banks were not recognized.

The lending volume in accordance with Section 19 paragraph 1 of the German Banking Act (KWG) amounted to 118.4 billion euros (previous year: €118.7bn). See the Risk Report for more information.

[49] Risk provision

The individual and country risk provision in the lending business covers the imminent credit and country risks from claims from category loans and receivables. Portfolio value adjustments were performed for the deferred credit risk based on empirical values.

	31.12.2005 €m	31.12.2004 €m	Change €m
Risk provision for amounts due from banks			
Country value adjustments	4.6	8.2	- 3.6
Portfolio value adjustments	2.7	8.3	- 5.6
Risk provision for amounts due from customers			
Individual value adjustments	184.2	234.9	- 50.7
Country value adjustments	8.7	8.8	- 0.1
Portfolio value adjustments	32.4	27.0	+ 5.4
Total	**232.6**	**287.2**	**- 54.6**

The following table shows the risk provisions:

€m	Initial Provisions 01.01.	Addition	Utilization	Release	Reclassifi-cations	Currency effects	Final Provisions 31.12.
Risk provision for amounts due from banks							
Country value adjustments	8.2	–	–	3.6	–	–	4.6
Portfolio value adjustments	8.3	0.2	–	5.8	–	–	2.7
Total	**16.5**	**0.2**	**–**	**9.4**	**–**	**–**	**7.3**
Risk provision for amounts due from customers							
Individual value adjustments	234.9	28.0	60.9	22.8	–	5.0	184.2
Country value adjustments	8.8	–	–	1.0	–	0.9	8.7
Portfolio› value adjustments	27.0	5.4	–	–	–	–	32.4
Total	**270.7**	**33.4**	**60.9**	**23.8**	**–**	**5.9**	**225.3**
Provisions for credit risks							
Individual risks	61.5	0.1	–	36.8	–	4.8	29.6
Total	**61.5**	**0.1**	**–**	**36.8**	**–**	**4.8**	**29.6**
Total	**348.7**	**33.7**	**60.9**	**70.0**	**–**	**10.7**	**262.2**

Key risk provision figures:

	2005 in %	**2004** in %
Releases/additions as at the closing date (ratio of net additions and lending volume)	0.06	- 0.07
Defaults as at the closing date (ratio of loan defaults and lending volume)	0.11	0.11
Average rate of defaults (ratio of loan defaults on a 5-year average and lending volume)	0.08	0.08
Balance as at the closing date (ratio of provisions and lending volume)	0.47	0.65

Provision for risks by customer group:

€m	Value adjustments and provisions[1] in the lending business 2005	2004	Loan defaults in 2005	Net additions[2] or releases to the value and provisions in the lending business
Customers[3]				
Public sector	3.3	3.5	–	0.1
Construction	76.2	89.8	2.0	11.8
Transportation	59.9	69.7	11.2	9.7
Financial institutions/insurance	0.8	2.3	–	1.5
Services	43.6	96.1	47.9	4.7
Trading	10.2	10.1	–	- 0.5
Utilities (energy and water)	15.5	16.0	–	0.2
Other companies/private households	45.4	44.7	–	- 0.4
Total customers	**254.9**	**332.2**	**61.1**	**27.1**
Banks	**7.3**	**16.5**	**–**	**9.2**
Total	**262.2**	**348.7**	**61.1**	**36.3**

1) Deductible and non-deductible loan provisions
2) Negative in the column
3) Assignment to industry according to economic criteria

[50] Trading assets

In addition to securities and claims of the categories Held for Trading and Designated at Fair Value, the trading assets include positive fair values of derivative financial instruments of the trading book and from economic hedging relations that do not meet the requirements for Hedge Accounting in accordance with IAS 39.

	31.12.2005 €m	31.12.2004 €m	Change €m
Held for Trading			
Promissory note bonds	2.6	–	+ 2.6
Bonds and debentures	5,424.0	3,163.1	+ 2,260.9
Shares	46.3	30.8	+ 15.5
Trust units	0.5	–	+ 0.5
Positive fair values of derivative financial instruments	1,868.6	1,564.8	+ 303.8
Total Held for Trading	**7,342.0**	**4,758.7**	**+ 2,583.3**
Designated at Fair Value			
Money market instruments	20.1	–	+ 20.1
Bonds and debentures	28,669.7	–	+ 28,669.7
Shares	267.5	–	+ 267.5
Trust units	3,384.0	2,153.2	+ 1,230.7
Participating certificates	13.6	0.3	+ 13.3
Total Designated at Fair Value	**32,354.9**	**2,153.5**	**+ 30,201.4**
Total	**39,696.9**	**6,912.2**	**+ 32,784.7**

In the year under review, the securities positions of DekaBank, Frankfurt, as well as the consolidated special funds of the DekaBank Group were re-categorised from the category Available for Sale to Designated at Fair Value with retroactive effect to 1 January 2005.

Of the bonds and other fixed-interest securities as well as the shares and other non-fixed-interest securities of the trading assets, the following are exchange-listed:

	31.12.2005 €m	31.12.2004 €m	Change €m
Bonds and other fixed-interest securities	33,644.8	3,119.4	+ 30,525.4
Shares and other non-fixed-interest securities	318.1	55.7	+ 262.4

[51] Positive fair values of derivative hedging instruments

The positive fair values of hedging transactions that meet the requirements for Hedge Accounting according to IAS 39 are broken down as follows according to the underlying hedged transactions:

	31.12.2005 €m	31.12.2004 €m	Change €m
Asset items			
Due from customers			
Category Loans and Receivables	0.4	0.2	+ 0.2
Financial investments			
Bonds and other fixed-interest securities			
Category Loans and Receivables	–	5.8	- 5.8
Liability items			
Due to banks	102.3	16.5	+ 85.8
Due to customers	170.2	71.6	+ 98.6
Securitized liabilities	423.7	591.1	- 167.4
Subordinated capital	71.6	58.2	+ 13.4
Total	**768.2**	**743.4**	**+ 24.8**

Only interest swaps were designated as hedging instruments.

[52] Financial investments

	31.12.2005 €m	31.12.2004 €m	Change €m
Bonds and other fixed-interest securities			
Money market instruments			
from public sector issuers	–	–	–
from other issuers	–	223.0	- 223.0
Bonds and debentures			
from public sector issuers	360.9	17,945.2	- 17,584.3
from other issuers	1,681.4	16,289.3	- 14,607.9
Equalization claims against the public sector	–	103.9	- 103.9
Shares and other non-fixed-interest securities			
Shares	–	244.3	- 244.3
Trust units	19.1	22.6	- 3.5
Participating certificates	–	13.5	- 13.5
Equity investments	17.1	14.1	+ 3.0
Shares in affiliated, non-consolidated companies	38.9	39.8	- 0.9
Shares in associated companies, not valued at equity	0.3	–	+ 0.3
Total	**2,117.7**	**34,895.7**	**- 32,778.0**

Of the financial investments, the following are qualified and are exchange-listed:

	31.12.2005 €m	31.12.2004 €m	Change €m
Bonds and other fixed-interest securities	2,041.6	32,904.8	- 30,863.2
Shares and other non-fixed-interest securities	13.3	262.4	- 249.1

In the year under review, the securities positions of DekaBank, Frankfurt, as well as the consolidated special funds of the DekaBank Group were re-categorised from the category Available for Sale to Designated at Fair Value with retroactive effect to January 1, 2005. The book value of the items in question came to 33.3 billion euros as at the closing date 31 December 2004.

The following table shows the changes in long-term financial investments in the year under review:

€m	Historical costs of acquisition/ production	Additions	Disposals	Change revaluation reserve cumulative	Change revaluation reserve fiscal year	Write-downs cumulative	Write-downs fiscal year	Book value	Book value previous year
Equity investments	14.1	3.0	–	–	–	–	–	17.1	14.1
Shares in affiliated companies	40.6	–	–	- 1.6	- 0.9	0.1	–	38.9	39.8
Shares in associated companies	–	0.3	–	–	–	–	–	0.3	–
Total	**54.7**	**3.3**	**–**	**- 1.6**	**- 0.9**	**0.1**	**–**	**56.3**	**53.9**

[53] Shares in companies valued at equity

No publicly listed market prices exist for companies valued at equity in the Group. There were no indications for impairment in the fiscal year.

A proportional capital increase of 20.0 million euros was carried out at PensionsManagement GmbH in the year under review. The total volume of the capital increase was 40.0 million euros.

The following table summarizes the financial information of S Broker AG & Co. KG:

Assets	Liabilities	Equity capital	Income for the period
€m	€m	€m	€m
190.6	135.1	55.5	- 9.2

The following table shows the changes in the book values of the equity investments in companies valued at equity:

€m	Historical costs of acquisition/ production	Additions	Disposals	Change revaluation reserve cumulative	Change revaluation reserve fiscal year	Write-downs cumulative	Write-downs fiscal year	Book value	Book value previous year
Shares in companies valued at equity	83.1	20.0	–	–	- 0.8	54.5	11.4	48.6	40.0

[54] Intangible assets

	31.12.2005 €m	31.12.2004 €m	Change €m
Acquired goodwill	118.6	143.6	- 25.0
Software			
purchased	11.1	13.1	- 2.0
developed in-house	6.8	9.6	- 2.8
Total software	17.9	22.7	- 4.8
Total	**136.5**	**166.3**	**- 29.8**

In fiscal year 2004, 59.74 per cent of the shares in WestInvest Gesellschaft für Investmentfonds mbH were acquired, thus increasing the Group’s shareholding to 99.74 per cent. Goodwill of 143.6 million euros arose from the first-time consolidation. This goodwill was allocated to the company WestInvest Gesellschaft für Investmentfonds mbH as a unit generating cash assets.

In the year under review, an Impairment Test pursuant to IAS 36 was performed and a recoverable sum of 124.6 million euros was determined for the cash generating unit based on utility value. The cash flows to be expected were calculated for a three-year period based on internal forecasts and empirical past values; furthermore an annuity corresponding to the forecast for 2008 has been calculated. This is being discounted at a rate of 7.1 per cent. The book value of goodwill was reduced by the amount of the decreased value of 25.0 million euros; which is recognized as an administrative expense in the income statement.

The following table shows the changes in intangible assets:

€m	Historical costs of acquisition/ production	Additions	Disposals	Write-downs cumulative	Write-downs fiscal year	Currency conversion	Book value	Book value previous year
Acquired goodwill	143.6	–	–	25.0	25.0	–	118.6	143.6
Software								
purchased	56.4	5.7	–	51.0	7.6	–	11.1	13.1
developed in-house	29.8	1.1	–	24.1	3.9	–	6.8	9.6
Total software	86.2	6.8	–	75.1	11.5	–	17.9	22.7
Total	**229.8**	**6.8**	**–**	**100.1**	**36.5**	**–**	**136.5**	**166.3**

[55] Property, plant and equipment

	31.12.2005 €m	31.12.2004 €m	Change €m
Land and buildings	355.4	446.8	- 91.4
Operating and office equipment	17.8	19.3	- 1.5
Technical equipment and machines	6.0	8.2	- 2.2
Investment property	536.7	167.0	+ 369.7
Total	**915.9**	**641.3**	**+ 274.6**

DekaBank holds 3 property complexes as Investment Property. In each case, the determination of value was based on a market value assessment by an independent expert at year-end.

In the year under review, the newly constructed office building "Skyper" in Frankfurt am Main was purchased under the optimization measures of Deka-ImmobilienFonds at cost price of about 473.3 million euros. Independent value assessments at the time of purchase and end of the fiscal year show a market value of approximately 300.9 million euros. The difference was recognized as an unscheduled write-down and compensated by the restructuring provision of 171.0 million euros which was set aside in the year before.

Furthermore, the leased portion of the office building at Mainzer Landstraße 16, Frankfurt am Main, (Trianon) is held as an Investment Property and is measured at Fair Value. The rental income of the portion of Trianon reported as an Investment Property came to 10.5 million euros in the year under review (previous year: €13.4m). No expenses were attributable to the leased property in the year under review. No unscheduled write-downs were necessary for reductions in value.

At year-end, the office property Mainzer Landstraße 50 was reclassified as Investment Property. This was due to the conclusion of a long-term lease agreement with a lessee. The valuation of the property by a sworn expert produced a Fair Value of 68.8 million euros. A write-down of 14.3 million euros was taken at year-end. This reflects the difference in value compared to the book value previously shown as property, plant and equipment at continued costs of 83.1 million euros.

As in the previous year, there were no additions (increased valuations) to property, plant and equipment in the fiscal year.

The following table shows the adjustment amount between Fair Value under IFRS and book value under German Commercial Code of the land and buildings held as Investment Property.

€m	Fair Value IFRS 31.12.2005	Book value HGB 31.12.2005	Adjustment	Fair Value IFRS 31.12.2004	Book value HGB 31.12.2004	Adjustment amount
Land and buildings	536.7	622.8	- 86.1	167.0	246.1	- 79.1

The property, plant and equipment in the DekaBank Group changed as follows in fiscal year 2005:

€m	Historical costs of acquisition/ production	Additions	Disposals	Re-classifi-cations	Write-downs cumulative	Write-downs fiscal year	Currency conversion	Book value	Book value previous year
Land and buildings	484.2	–	–	- 84.1	44.7	8.3	–	355.4	446.8
Operating and office equipment	40.4	1.4	0.7	–	23.3	2.9	–	17.8	19.3
Technical equipment and machines	77.4	3.9	20.9	–	54.3	5.2	- 0.1	6.0	8.2
Investment Properties	265.8	473.3	–	84.1	286.5	186.7	–	536.7	167.0
Total	**867.8**	**478.6**	**21.6**	**–**	**408.8**	**203.1**	**- 0.1**	**915.9**	**641.3**

[56] Income tax claims

	31.12.2005 €m	31.12.2004 €m	Change €m
Current income tax claims	116.6	8.2	+ 108.4
Deferred income tax claims	974.5	936.1	+ 38.4
Total	**1,091.1**	**944.3**	**+ 146.8**

The deferred income tax claims constitute the potential income tax relief from timing differences between the amounts shown according to IFRS and the tax valuations of the assets and liabilities.

Deferred tax claims were formed in connection with the following balance sheet items:

	31.12.2005 €m	31.12.2004 €m	Change €m
Asset items			
Due from banks	–	0.4	- 0.4
Trading assets	1.1	–	+ 1.1
Financial investments	18.7	29.9	- 11.2
Property plant and equipment	26.7	20.9	+ 5.8
Other assets	0.1	8.0	- 7.9
Liability items			
Due to banks	3.6	–	+ 3.6
Due to customers	15.8	–	+ 15.8
Securitized liabilities	94.1	92.9	+ 1.2
Trading liabilities	602.9	356.5	+ 246.4
Negative fair values of derivative financial instruments	3.3	202.8	- 199.5
Provisions	176.4	203.5	- 27.1
Other liabilities	12.6	2.8	+ 9.8
Subordinated capital	13.7	18.5	- 4.8
Loss carry forwards	5.5	–	+ 5.5
Total	**974.5**	**936.2**	**+ 38.3**

There were no additional timing differences, loss carry forwards or tax credits, for which no deferred tax assets were formed, at year-end.

The deferred income tax claims that were charged directly to equity capital due to the revaluation of claims and financial investments of items Available for Sale, amounted to 0.5 million euros at year-end. In this connection, it was not necessary to show any deferred tax claims in the previous year.

[57] Other assets

	31.12.2005 €m	31.12.2004 €m	Change €m
Amounts due from non-banking business	3.0	0.5	+ 2.5
Amounts due or reimbursements from other taxes	15.5	1.7	+ 13.8
Management fees chargeable to special assets	71.1	61.8	+ 9.3
Other assets	139.0	137.6	+ 1.4
Prepaid expenses	13.0	10.0	+ 3.0
Total	**241.6**	**211.6**	**+ 30.0**

Other assets include the share of the distribution of Deka-ImmobilienFonds for 2005 accruing to DekaBank according to the distribution resolution of 22 November 2005 in the amount of 61.8 million euros, amounts due from custodial account holders of 21.8 million euros (previous year: €20.5m) and 14.1 million euros of overpaid profit shares of the silent quasi-partners from the application of the taxes already withheld by DekaBank for the benefit of the partners.

[58] Subordinated assets

Assets must be considered subordinated if, as claims, they may only be satisfied after the claims of the other creditors are satisfied in the event of liquidation or insolvency of the debtor. Subordinated assets are contained in the following balance sheet items:

	31.12.2005 €m	31.12.2004 €m	Change €m
Due from customers			
Loans and receivables category	12.9	1.2	+ 11.7
Financial investments			
Bonds and debentures	–	15.2	- 15.2
Shares and other non-fixed-interest securities	–	13.5	- 13.5
Trading assets (Designated at Fair Value)			
Bonds and debentures	16.5	–	+ 16.5
Shares and other non-fixed-interest securities	13.6	–	+ 13.6
Total	**43.0**	**29.9**	**+ 13.1**

[59] Due to banks

	31.12.2005 €m	31.12.2004 €m	Change €m
Domestic banks	22,240.8	22,574.3	- 333.5
Foreign banks	8,826.4	10,286.8	- 1,460.4
Total	**31,067.2**	**32,861.1**	**- 1,793.9**

The liabilities to banks include payments received from real securities repurchase agreements of 9,696.4 million euros (previous year: €8,117.8m).

[60] Due to customers

	31.12.2005 €m	31.12.2004 €m	Change €m
Domestic customers	21,584.7	25,083.1	- 3,498.4
Foreign customers	5,979.9	2,702.5	+ 3,277.4
Total	**27,564.6**	**27,785.6**	**- 221.0**

The balance sheet item also shows payments received from securities repurchase agreements of 120.9 million euros (previous year: €464.1m).

[61] Securitized liabilities

The securitized liabilities include bonds and other liabilities for which transferable certificates are issued. According to IAS 39, the own bonds held in the Group in the nominal amount of 5.2 billion euros (previous year: €7.1bn) were deducted from the issued bonds.

	31.12.2005 €m	31.12.2004 €m	Change €m
Bonds issued	39,326.8	40,961.1	- 1,634.3
Money market instruments issued	1,214.6	2,488.6	- 1,274.0
Total	**40,541.4**	**43,449.7**	**- 2,908.3**

5.8 billion euros (previous year: €8.5bn) of the bonds issued and 1.2 billion euros (previous year: €2.5bn) of the money market instruments will mature in fiscal year 2006.

Of the securitized liabilities, issuances for which the Bank performs market making functions were re-categorised as Designated at Fair Value with retroactive effect to 1 January 2005. In the preceding financial statements, these issuances showed a book value of 2.4 billion euros. Fair Value as at 1 January 2005 amounted to 2.6 billion euros.

[62] Trading liabilities

In addition to trading issues and the liabilities of the category Designated at Fair Value, the trading liabilities include the negative fair values of derivative financial instruments of the trading book as well as from economic hedging relations that do not meet the requirements for Hedge Accounting in accordance with IAS 39. Furthermore, delivery commitments arising from short sale of securities are shown in this account.

	31.12.2005 €m	31.12.2004 €m	Change €m
Negative fair values of derivative financial instruments	2,546.6	1,432.8	+ 1,113.8
Delivery commitments arising from short sale of securities	134.4	87.5	+ 46.9
Trading issues (category Held for Trading)	135.5	140.1	- 4.6
Issues (category Designated at Fair Value)	5,880.9	2,693.6	+ 3,187.3
Total	**8,697.4**	**4,354.0**	**+ 4,343.4**

The book value of the liabilities assigned to the category Designated at Fair Value exceeds their repayment amount by 64.0 million euros (previous year: €34.4m).

[63] Negative fair values from derivative hedging instruments

The negative fair values of hedging transactions that meet the requirements for Hedge Accounting under IAS 39 are shown below broken down by hedged underlying transactions:

	31.12.2005 €m	31.12.2004 €m	Change €m
Asset items			
Due from banks			
Category Loans and receivables	–	91.8	- 91.8
Due from customers			
Category Loans and receivables	10.0	119.1	- 109.1
Financial investments			
Bonds and other fixed-interest securities			
Category Available for sale	–	606.0	- 606.0
Liability items			
Due to banks	–	1.1	- 1.1
Due to customers	–	1.5	- 1.5
Securitized liabilities	0.2	0.3	- 0.1
Total	**10.2**	**819.8**	**- 809.6**

[64] Provisions for pensions and similar obligations

The following table shows the changes in pension provisions:

€m	Initial balance 01.01.	Addition	Utilizations	Release	Reclassifications	Change in plan assets	Final balance 31.12.
Provisions for pensions and similar obligations	221.3	21.8	8.6	0.4	1.9	- 13.4	222.6

The account includes provisions for Defined Benefit Obligations and is broken down as follows:

	31.12.2005 €m	31.12.2004 €m	Change €m
Uncovered defined benefit obligations	239.5	221.9	+ 17.6
Entirely or partially covered defined benefit obligations	17.9	–	+ 17.9
Fair Value of the plan assets at year-end	- 15.2	–	- 15.2
Total obligation	**242.2**	**221.9**	**+ 20.3**
Actuarial net gains and losses not included in the balance sheet	- 19.6	- 0.6	- 19.0
Pension provisions recognized	**222.6**	**221.3**	**+ 1.3**

The allocation to provisions for pensions and similar obligations shown in administrative expense is broken down as follows:

	31.12.2005 €m	31.12.2004 €m	Change €m
Current service cost	11.1	12.5	- 1.4
Interest expense	10.4	10.2	+ 0.2
Actuarial gains and losses	- 0.1	–	- 0.1
Total	**21.4**	**22.7**	**- 1.3**

The defined benefit obligations were calculated using the Heubeck Expectancy Tables 2005 G (previous year: Heubeck Expectancy Tables 1998) based on the following actuarial factors:

	31.12.2005	31.12.2004	Change
Discount factor for the determination of cash value	4.25%	5.00%	- 0.75%
Pension trend for adjustments according to § 16 paragraph 2 of the Law on Company Pension Funds (BetrAVG)*	1.50%	1.50%	–
Pension adjustment with overall trend updating*	2.75%	2.50%	+ 0.25%
Salary trend*	2.50%	3.00%	- 0.50%

* Not relevant for the fund-based commitments as they are not dependent on final salary.

For the forfeitable projected benefits, an average fluctuation probability of 3.11 per cent is additionally used in the calculation.

By analogy to the previous year, the discount factor for early retirement obligation was 2.00 per cent. This is due to the shorter time to maturity of the obligation compared to the pension commitments.

Plan assets were formed for the first time in fiscal year 2005. At year-end, plan assets existed only for fund-based commitments, which are invested in compliance with the requirements of the relevant pension plan. They are broken down as follows:

	31.12.2005 €m	Anticipated yield for 2005
Deka-bAV Fonds	14.1	8.00%
Deka-Renten: Euro 1-3 (A)	0.0	1.50%
Premium balance from life insurance policies	1.1	- 10.50%
Total	**15.2**	

Deka-bAV Fonds is an equity fund that invests worldwide. The bond fund is a short-term-oriented fund that invests in European securities of the highest credit rating. The lower age limit for investing in a pension fund is 59. The insurance policies are pure term life insurance policies. The premium balance with the insurer is used up over the remaining term of the current insurance contracts.

Change in the plan assets	**2005** €m
Fair Value of the plan assets as at 1 January	**–**
Allocation to the plan assets	
through employer contributions	7.7
through employee contributions	5.7
Withdrawals due to events giving rise to pension	–
Performance of the plan assets	1.8
Fair Value of the plan assets as at 31 December	**15.2**

[65] Other provisions

	31.12.2005 €m	31.12.2004 €m	Change €m
Provisions for income taxes	97.3	83.9	+ 13.3
Provisions for credit risks	29.6	61.5	- 31.9
Provisions for legal proceedings and recourse claims	0.1	0.3	- 0.2
Provisions for staff	4.4	3.9	+ 0.5
Provisions for restructuring measures	332.7	546.8	- 214.1
Additional other provisions	38.5	38.3	+ 0.2
Total	**502.6**	**734.7**	**- 232.1**

The provisions for income taxes relate in particular to corporation and local business taxes. Provisions were set aside for commissions and bonuses that are expected to be paid out to staff in spring 2006. The allocation to provisions for restructuring stems from DekaBank's obligation to pay stabilizing grants to the benefit of Deka-ImmobilienFonds.

The following table shows the change in other provisions in the year under review:

€m	Initial balance 01.01.	Additions	Utilizations	Release	Reclassifications	Currency effects	Final balance 31.12.
Provisions for income taxes	83.9	13.8	0.3	0.1	–	–	97.3
Provisions for credit risks (individual risks)	61.5	0.1	–	36.8	0.0	4.8	29.6
Provisions for credit risks (country risks)	–	–	–	–	–	–	–
Provisions for credit risks	61.5	0.1	–	36.8	0.0	4.8	29.6
Provisions for legal proceedings and recourse claims	0.3	0.1	0.1	0.2	–	–	0.1
Provisions for staff	3.9	2.2	1.4	0.3	–	–	4.4
Provisions for restructuring measures	546.8	69.3	266.6	15.4	- 1.4	–	332.7
Additional other provisions	38.3	4.7	2.7	1.3	- 0.5	–	38.5
Total other provisions	**734.7**	**90.2**	**271.1**	**54.1**	**- 1.9**	**4.8**	**502.6**

[66] Income tax liabilities

	31.12.2005 €m	31.12.2004 €m	Change €m
Current income tax liabilities	49.6	103.9	- 54.3
Deferred income tax liabilities	890.5	883.2	+ 7.3
Total	**940.1**	**987.1**	**- 47.0**

At year-end, the income tax liabilities include due but not yet paid tax prepayments for income taxes from the current and earlier periods. Deferred income tax liabilities reflect the potential income tax burdens from timing differences between the valuations of assets and liabilities in the balance sheet based on IFRS and the tax balance sheet.

Deferred tax liabilities are associated with the following balance sheet items:

	31.12.2005 €m	31.12.2004 €m	Change €m
Asset items			
Due from banks	19.4	20.7	- 1.3
Due from customers	18.3	27.4	- 9.1
Trading assets	635.4	373.4	+ 262.0
Negative fair values of derivative financial instruments	198.0	187.4	+ 10.6
Financial investments	15.3	258.8	- 243.5
Intangible assets	2.2	3.2	- 1.0
Property, plant and equipment	1.4	7.2	- 5.8
Other assets	–	0.4	- 0.4
Liability items			
Due to banks	–	0.3	- 0.3
Due to customers	–	3.8	- 3.8
Provisions	0.5	0.5	–
Other liabilities	–	0.1	- 0.1
Total	**890.5**	**883.2**	**+ 7.3**

The deferred income tax liabilities, which are recognized directly in the equity capital due to the revaluation of items Available for Sale, amounted to 5.5 million euros at year-end (previous year: €209.8m).

[67] Other liabilities

The other liabilities break down as follows:

	31.12.2005 €m	31.12.2004 €m	Change €m
Liabilities			
Liabilities from the non-banking business	5.0	3.9	+ 1.1
Liabilities from current other taxes	19.3	8.6	+ 10.7
Commissions not yet paid to sales offices	109.8	152.7	- 42.9
Securities spot deals not yet settled	2.6	62.5	- 59.9
Profit shares of silent quasi-partners	1.6	21.7	- 20.1
Other	84.4	19.2	+ 65.2
Accruals			
Closing and other audit costs	3.4	2.9	+ 0.5
Successful sales performance compensation	281.3	252.8	+ 28.5
Staff costs	51.7	47.1	+ 4.6
Other accruals	57.4	73.3	- 15.9
Deferred income	1.6	1.6	–
Total	**618.1**	**646.3**	**- 28.2**

The item Other includes liabilities to custodial account holders of 21.1 million euros (previous year: €21.9m), liabilities from a rental increase agreement for leased office areas amounting to 19.5 million euros (by analogy to previous year) and unpaid invoices from current business operations.

[68] Subordinated capital

	31.12.2005 €m	31.12.2004 €m	Change €m
Subordinated liabilities			
Subordinate bearer bonds	871.7	857.2	+ 14.5
Subordinate promissory note bonds	189.8	189.8	–
Pro rata interest on subordinate liabilities	24.8	24.8	–
Profit-sharing rights outstanding	209.3	209.3	–
Pro rata interest on profit-sharing rights outstanding	14.7	14.7	–
Deposits of silent quasi-partners	755.6	755.6	–
Pro rata interest on deposits of silent quasi-partners	64.1	64.1	–
Total	**2,130.0**	**2,115.5**	**+ 14.5**

Fair Value Hedges were used to hedge against interest rate risks for 656.8 million euros of the subordinate liabilities (previous year: €642.4m).

The form of the subordinate bearer bonds and the promissory note bonds with subordination agreement is consistent with the requirements for assignment to liable equity capital specified in Sec. 10 paragraph 5a of the Banking Act (KWG). In the event of insolvency or liquidation, the subordinate liabilities may only be repaid after all non-subordinate creditors are repaid. The conversion of these funds into capital or another form of debt is neither stipulated nor provided for. No early repayment obligation exists.

Pursuant to the rules of Sec. 10 paragraph 5 of the Banking Act (KWG), the profit-sharing rights outstanding are a component of the liable equity capital. The claims of the holder of profit-sharing rights to repayment of the capital are subordinate to claims of other creditors. Interest payments are made only if Group Profit is achieved; on the other hand, loss takeovers are made in the full amount of the share applicable to the profit-sharing rights outstanding.

The following table shows the composition of the profit-sharing rights outstanding:

Year of issue	**Nominal amount** €m	**Interest rate** in % p.a.	**Maturity**
1995	61.50	8.00	17.12.2007
2002	75.00	6.39	31.12.2011
2002	33.00	6.42	31.12.2011
2002	5.00	6.44	31.12.2011
2002	20.00	6.31	31.12.2011
2002	20.00	6.46	31.12.2013

According to IAS 39, the own participating certificates held by the Group in the amount of 5.1 million euros (previous year: €5.1m) were deducted from the profit-sharing rights outstanding.

The deposits of silent quasi-partners (1st tranche) at a nominal amount of 255.6 million euros have existed since year-end 1990 and are concluded for an indefinite period.

However, any of the contracting parties may terminate the contracts concerning the silent quasi-participation by giving three years' notice. The silent partners participate in any net loss of DekaBank up to the entire amount by reducing the repayment claims. The interest expense for the 1st tranche of deposits of silent partners amounted to 28.1 million euros (previous year: €28.1m) in the year under review.

In 2002, deposits of silent partners (2nd tranche) were accepted for an indefinite period (Perpetuals) at a nominal amount of 500 million euros. DekaBank may only terminate these deposits with the consent of BaFin (German Financial Services Control Authority) and by giving 24 months' notice before the end of a fiscal year – for the first time effective 31 December 2012. The silent partners may not give notice of termination. In the year under review, the interest expense for Perpetuals came to 35.9 million euros (previous year: €35.9m) and is shown in the net interest income (Note [29]).

[69] Deposits of silent partners

The deposits of silent partners came to 52.3 million euros (previous year: €52.2m). In the year under review, the distribution to deposits of silent partners came to 19.2 million euros (previous year: €51.1m). The reduced distribution results from the lower net income under commercial law in the separate accounts of DekaBank compared to the previous year.

[70] Equity capital

	31.12.2005 €m	31.12.2004 €m	Change €m
Subscribed capital	286.3	286.3	–
Capital reserves	190.3	190.3	–
Reserves from retained earnings			
Legal reserve	10.7	10.2	+ 0.5
Reserves required by the Bank's statutes	51.3	51.3	–
Other reserves from retained earnings	1,483.2	1,210.8	+ 272.4
Fund for general banking risks	570.3	278.4	+ 291.9
Revaluation reserve	12.4	475.9	- 463.5
Reserve from currency translation	1.6	1.8	- 0.2
Net income/loss	28.6	- 58.6	+ 87.2
Minority interests	0.7	0.7	–
Total	**2,635.4**	**2,447.1**	**+ 188.3**

[71] Conversion of equity capital from German Commercial Code (HGB) to IFRS as at 1 January 2004

The following table shows the changes in balance sheet items affecting equity capital resulting from first use:

IFRS taxonomy	HGB after re-classification for IFRS purposes	Impact of the adjust-ment to IFRS	IFRS
	€m	€m	€m
Cash reserve	32.0	–	32.0
Due from banks	39,959.6	+ 50.2	40,009.8
Due from customers	21,941.8	+ 383.8	22,325.6
Trading assets	2,113.4	+ 922.8	3,036.2
Positive fair values from derivative hedging instruments	24.7	+ 54.9	79.6
Financial investments	27,357.5	+ 262.4	27,619.9
Shares in companies valued at equity	34.9	+ 0.9	35.8
Intangible assets	14.3	+ 6.7	21.0
Property, plant and equipment	727.0	- 76.9	650.1
Income tax claims	3.0	+ 516.5	519.5
Other assets	115.8	+ 3.1	118.9
Total assets	**92,324.0**	**+ 2,124.4**	**94,448.4**
Due to banks	26,759.4	- 11.6	26,747.8
Due to customers	25,082.7	- 508.9	24,573.8
Securitized liabilities	33,923.6	+ 141.0	34,064.6
Trading liabilities	1,884.8	+ 851.9	2,736.7
Negative fair values from derivative hedging instruments	96.3	+ 236.9	333.2
Provisions	386.4	+ 5.1	391.5
Income tax liabilities	129.0	+ 556.1	685.1
Other liabilities	606.6	- 4.6	602.0
Subordinated capital	1,947.6	- 6.9	1,940.7
Deposits of silent partners	46.2	–	46.2
Subtotal of external funds	**90,862.6**	**+ 1,259.0**	**92,121.6**
Subscribed capital	286.3	–	286.3
Capital reserves	190.3	–	190.3
Reserves from retained earnings	670.8	+ 630.0	1,300.8
Fund for general banking risks	278.4	–	278.4
Revaluation reserve	–	+ 269.3	269.3
Reserve from currency translation	0.9	+ 0.7	1.6
Net income	34.6	- 34.6	–
Minority interests	0.1	–	0.1
Equity capital	**1,461.4**	**+ 865.4**	**2,326.8**
Total liabilities	**92,324.0**	**+ 2,124.4**	**94,448.4**

Accounting changes due to the measurement of assets and liabilities at Fair Value are reflected in particular in the items trading assets, trading liabilities, property plant and equipment as well as indirectly through deferred taxes in the items income tax claims and income tax liabilities. The release of the precautionary reserves pursuant to 340f HGB led to changes in the claims on banks and customers.

In the first application, the equity capital was increased by the reserves from retained profits in the amount of 208 million euros, the reserves from retained profits of the special fund included in the consolidated group for the first time in the amount of 388 million euros as well as the revaluation reserve from the valuation without effect on consolidated income of the securities in the category Available for Sale. The deposits of the special fund in DekaBank were consolidated in the liabilities to customers.

[72] Conversion of equity capital from German Commercial Code (HGB) to IFRS as at 31 December 2004

IFRS taxonomy	HGB after reclassification for IFRS purposes €m	Impact of the adjustment to IFRS €m	IFRS €m
Cash reserve	1,143.9	–	1,143.9
Due from banks	48,257.0	+ 88.5	48,345.5
Due from customers	21,713.1	+ 717.2	22,430.3
Trading assets	5,771.6	+ 1,140.6	6,912.2
Positive fair values from derivative hedging instruments	176.7	+ 566.7	743.4
Financial investments	34,527.7	+ 368.0	34,895.7
Shares in companies valued at equity	38.5	+ 1.5	40.0
Intangible assets	156.7	+ 9.6	166.3
Property, plant and equipment	713.2	- 71.9	641.3
Income tax claims	6.7	+ 937.6	944.3
Other assets	229.1	- 17.5	211.6
Total assets	**112,734.2**	**+ 3,740.3**	**116,474.5**
Due to banks	32,862.0	- 0.9	32,861.1
Due to customers	28,257.1	- 471.5	27,785.6
Securitized liabilities	43,168.6	+ 281.1	43,449.7
Trading liabilities	3,355.3	+ 998.7	4,354.0
Negative fair values from derivative hedging instruments	206.4	+ 613.4	819.8
Provisions	462.7	+ 493.3	956.0
Income tax liabilities	125.1	+ 862.0	987.1
Other liabilities	649.8	- 3.4	646.4
Subordinated capital	2,088.3	+ 27.2	2,115.5
Deposits of silent partners	52.2	–	52.2
Subtotal of external funds	**111,227.5**	**+ 2,799.9**	**114,027.5**
Subscribed capital	286.3	–	286.3
Capital reserves	190.3	–	190.3
Reserves from retained earnings	688.6	+ 583.7	1,272.3
Fund for general banking risks	310.4	- 32.0	278.4
Revaluation reserve	–	+ 475.9	475.9
Reserve from currency translation	1.8	–	1.8
Net income	28.6	- 87.2	- 58.6
Minority interests	0.7	–	0.7
Equity capital	**1,506.7**	**+ 940.4**	**2,447.1**
Total liabilities	**112,734.2**	**+ 3,740.3**	**116,474.5**

Notes to financial instruments

[73] Financial instruments under IAS 39 – valuation categories

The following table shows the book values of the financial instruments broken down by valuation categories. In addition, they are broken down into transactions assigned to Fair Value Hedges and transactions that are not described as a hedging item.

	No Fair Value hedge		Fair Value hedge	
	31.12.2005 €m	31.12.2004 €m	31.12.2005 €m	31.12.2004 €m
Asset items				
Loans and receivables (lar)				
Due from banks	49,021.8	46,926.6	–	1,435.3
Due from customers	20,410.7	21,444.9	324.4	1,256.1
Available for Sale (afs)				
Financial investments	2,117.7	22,579.1	–	12,316.6
Held for Trading (hft)				
Trading assets	7,341.9	4,758.7		
Designated at Fair Value (dafv)				
Trading assets	32,354.9	2,153.5		
Positive fair values from derivative hedging instruments			768.2	743.4
Total asset items	**111,247.0**	**97,862.8**	**1,092.6**	**15,751.4**
Liability items				
Liabilities				
Due to banks	29,486.1	32,668.2	1,581.1	192.9
Due to customers	24,928.4	26,127.9	2,636.2	1,657.7
Securitized liabilities	33,271.0	34,721.0	7,270.4	8,728.7
Subordinated capital	1,473.1	1,473.1	656.8	642.4
Held for Trading (hft)				
Trading liabilities	2,816.5	1,660.5		
Designated at Fair Value (dafv)				
Trading liabilities	5,880.9	2,693.6		
Negative fair values from derivative hedging instruments			10.1	819.8
Total liability items	**97,856.0**	**99,344.3**	**12,154.6**	**12,041.5**

In applying the transitional rules for the Fair Value option, all hedging items for the hedging of re-categorised Available for Sale items and liabilities were released in the fiscal year with retroactive effect to 1 January 2005.

[74] Fair Value data of the financial instruments

The following table compares the book values with the Fair Values of the financial instruments:

	31.12.2005 Fair Value €m	31.12.2005 Book value €m	31.12.2005 Difference €m	31.12.2004 Fair Value €m	31.12.2004 Book value €m	31.12.2004 Difference €m
Asset items						
Cash reserve	441.2	441.2	–	1,143.9	1,143.9	–
Claims on banks (Loans and Receivables)	50,052.1	49,014.5	+ 1,037.6	49,538.8	48,345.5	+ 1,193.3
Claims on customers (Loans and Receivables)	21,035.0	20,509.7	+ 525.3	23,085.8	22,430.3	+ 655.5
Total asset items	**71,528.3**	**69,965.4**	**+ 1,562.9**	**73,768.5**	**71,919.7**	**+1,848.8**
Liability items						
Due to banks	31,405.5	31,067.2	+ 338.3	33,318.1	32,861.1	+ 457.0
Due to customers	28,644.8	27,564.6	+ 1,080.2	28,737.6	27,785.6	+ 952.0
Securitized liabilities	40,901.4	40,541.4	+ 360.0	44,105.6	43,449.7	+ 655.9
Subordinated liabilities	2,285.1	2,129.9	+ 155.2	2,209.5	2,115.5	+ 94.0
Total liability items	**103,236.8**	**101,303.1**	**+ 1,933.7**	**108,370.8**	**106,211.9**	**+ 2,158.9**

[75] Derivative transactions

In the DekaBank Group, derivative financial instruments are used for trading purposes and for hedging interest rate risks, currency risks and other price risks.

The following table shows the derivative financial instruments broken down by contract type:

Positive Fair Values €m	Time to maturity up to 3 months	more than 3 months to 1 year	more than 1 year to 5 years	more than 5 years	Total	Total previous year
Interest rate risks						
Interest rate swaps	673.7	37.6	387.3	1,258.4	2,357.0	1,993.6
Forward rate agreements	0.3	–	–	–	0.3	–
Interest rate options						
Purchases	22.4	0.2	5.2	3.4	31.2	4.1
Caps, floors	–	–	–	–	–	0.2
Other interest rate forward transactions	0.3	–	–	–	0.3	0.0
Interest rate futures, options	0.5	0.1	–	–	0.6	0.9
Total interest rate risks	**697.2**	**37.9**	**392.5**	**1,261.8**	**2,389.4**	**1,998.8**
Currency risks						
Forward exchange transactions	138.5	66.30	0.4	–	205.2	236.4
(Interest rate) currency rate swaps	–	5.4	18.5	12.0	35.9	69.7
Currency options						
Purchases	–	0.2	–	–	0.2	3.9
Total currency risks	**138.5**	**71.9**	**18.9**	**12.0**	**241.3**	**310.0**
Share and other price risks						
Share options						
Purchases	–	–	0.5	–	0.5	0.7
Credit derivatives	–	–	0.4	–	0.4	1.0
Share options	1.2	4.6	–	–	5.8	0.3
Share futures	0.1	–	–	–	0.1	0.1
Total share and other price risks	**1.3**	**4.6**	**0.9**	**–**	**6.8**	**2.1**
Total	**837.0**	**114.4**	**412.3**	**1,273.8**	**2,637.5**	**2,310.9**

Negative Fair Values €m	up to 3 months	Time to maturity more than 3 months to 1 year	more than 1 year to 5 years	more than 5 years	Total	Total previous year
Interest rate risks						
Interest rate swaps	714.0	46.2	541.5	778.8	2,080.5	1,868.2
Forward rate agreements	0.3	–	–	–	0.3	–
Interest rate options						
Purchases	–	–	–	–	–	75.0
Sales	25.2	0.8	0.4	167.0	193.4	–
Other interest rate forward transactions	–	–	28.2	16.3	44.5	12.4
Interest rate futures, options	1.4	0.2	–	–	1.6	5.7
Total interest rate risks	**740.9**	**47.2**	**570.1**	**962.1**	**2,320.3**	**1,961.3**
Currency risks						
Forward exchange transactions	128.5	54.1	0.4	–	183.0	205.4
(Interest rate) currency rate swaps	–	0.7	17.6	19.2	37.5	85.1
Currency options						
Sales	2.8	0.8	–	–	3.6	3.9
Total currency risks	**131.3**	**55.6**	**18.0**	**19.2**	**224.1**	**294.4**
Share and other price risks						
Credit derivatives	–	–	6.1	3.3	9.4	2.4
Share options	2.3	1.5	–	–	3.8	0.1
Share futures	0.3	–	–	–	0.3	0.0
Total share and other price risks	**2.6**	**1.5**	**6.1**	**3.3**	**13.5**	**2.5**
Total	**874.8**	**104.3**	**594.2**	**984.6**	**2,557.9**	**2,258.2**

The following table shows the positive and negative market values of the derivative transactions broken down by counterparty:

	Fair Value – positive		Fair Value – negative	
	31.12.2005 €m	31.12.2004 €m	31.12.2005 €m	31.12.2004 €m
Banks in the OECD	2,378.3	2,175.7	2,425.5	2,094.0
Public offices in the OECD	–	–	0.6	–
Other counterparties	259.2	135.2	131.8	164.2
Total	**2,637.5**	**2,310.9**	**2,557.9**	**2,258.2**

[76] Breakdown by remaining maturity

Remaining maturity is seen as the time between the closing date and the contractually agreed maturity of the claim or liability or their partial payment amounts. Equity instruments were placed in the maturity range "due daily and indefinite". Trading assets or liabilities are in principle recognized according to contractual maturity; however financial instruments of the subcategory Held for Trading are recognized as having a maximum maturity of one year due to the intention to trade.

Assets	31.12.2005 €m	31.12.2004 €m	Change €m
Due from banks			
Due daily and indefinite	1,844.5	2,156.8	- 312.3
To 3 months	13,032.5	16,854.3	- 3,821.8
3 months to 1 year	5,903.7	3,434.1	+ 2,469.6
1 year to 5 years	14,413.1	13,753.4	+ 659.7
More than 5 years	13,820.7	12,147.0	+ 1,673.7
Due from customers			
Due daily and indefinite	2,283.3	3,784.3	- 1,501.0
To 3 months	3,001.6	2,870.1	+ 131.5
3 months to 1 year	1,727.4	2,673.3	- 945.9
1 year to 5 years	7,327.4	6,859.2	+ 468.2
More than 5 years	6,170.0	6,243.4	- 73.4
Trading assets			
Due daily and indefinite	3,678.9	2,184.3	+ 1,494.6
To 3 months	2,244.4	865.5	+ 1,378.9
3 months to 1 year	9,271.1	3,862.4	+ 5,408.7
1 year to 5 years	10,789.3	–	+ 10,789.3
More than 5 years	13,713.2	–	+ 13,713.2
Positive fair values from hedging derivatives			
Due daily and indefinite	–	–	–
To 3 months	19.2	0.1	+ 19.1
3 months to 1 year	–	–	–
1 year to 5 years	232.9	91.7	+ 141.2
More than 5 years	516.1	651.6	- 135.5
Financial investments			
Due daily and indefinite	19.1	280.4	- 261.3
To 3 months	106.6	1,985.1	- 1,878.5
3 months to 1 year	529.4	5,362.0	- 4,832.6
1 year to 5 years	1,305.2	15,719.5	- 14,414.3
More than 5 years	101.1	11,494.7	- 11,393.6

Liabilities	31.12.2005 €m	31.12.2004 €m	Change €m
Due to banks			
Due daily and indefinite	2,554.7	1,115.9	+ 1,438.8
To 3 months	16,777.5	19,714.1	- 2,936.6
3 months to 1 year	4,093.7	3,169.7	+ 924.0
1 year to 5 years	4,211.3	5,287.9	- 1,076.6
More than 5 years	3,430.0	3,573.5	- 143.5
Due to customers			
Due daily and indefinite	4,935.0	3,197.9	+ 1,737.1
To 3 months	6,017.4	8,381.2	- 2,363.8
3 months to 1 year	807.4	1,107.9	- 300.5
1 year to 5 years	3,854.5	3,581.4	+ 273.1
More than 5 years	11,950.3	11,517.2	+ 433.1
Securitized liabilities			
Due daily and indefinite	–	–	–
To 3 months	2,688.7	5,134.7	- 2,446.0
3 months to 1 year	4,747.9	6,276.1	- 1,528.2
1 year to 5 years	11,954.3	12,201.7	- 247.4
More than 5 years	21,150.5	19,837.2	+ 1,313.3
Trading liabilities			
Due daily and indefinite	71.9	6.0	+ 65.9
To 3 months	1,053.9	530.2	+ 523.7
3 months to 1 year	2,099.9	1,124.3	+ 975.6
1 year to 5 years	1,696.3	2,693.6	- 997.3
More than 5 years	3,775.4	–	+ 3,775.4
Negative fair values from hedging derivatives			
Due daily and indefinite	–	–	–
To 3 months	0.2	19.9	- 19.7
3 months to 1 year	0.3	0.6	- 0.3
1 year to 5 years	5.2	337.2	- 332.0
More than 5 years	4.4	462.1	- 457.7
Subordinated capital			
Due daily and indefinite	–	–	–
To 3 months	208.4	103.6	+ 104.8
3 months to 1 year	–	–	–
1 year to 5 years	1,042.0	916.8	+ 125.2
More than 5 years	879.6	1,095.2	- 215.6

[77] Risk management and interest rate risks and default risks

DekaBank's goal is to generate an appropriate return on equity on the basis of a risk management policy that recognizes risks at an early stage and provides the necessary information promptly to those responsible for risk management.

DekaBank Group's most important market risk is that of interest rate changes arising from both our strategic positions (Treasury) and our trading positions. The measurement, monitoring and reporting of the risk figures with regard to the interest rate risk are based on a portfolio hierarchy, which is uniform throughout the Group.

As part of the internal determination of market risk, risk figures are determined daily using scenario analyses (in particular a hypothetical parallel shift of the current currency and segment-specific yield curves upward and downward by 100 basis points), according to the scenario-matrix method and according to the value at risk method (according to the variance-covariance method, 95 per cent confidence level, holding period of 10 trading days for the treasury portfolio and 1 holding day for the trading portfolio). In addition to limiting risk positions, stop-loss limits at portfolio level are established to effectively limit losses.

From the point of view of risk types, interest rate risks accounted for 27.24 million euros of the value at risk as at the closing date (holding period of 10 days). This corresponds to 67.3 per cent share of the Group-wide market risk. The interest rate risk on trading positions based on VAR lay between 0.25 million euros and 2.04 million euros, and on Treasury positions between 19.18 million euros and 42.37 million euros.

Default risks at the borrower level are monitored on a daily basis for all transactions effected Group-wide. To that end, the exposure limits managed centrally by our risk control department are adjusted according to the key exposures on securitized and unsecuritised loans as well as derivative transactions.

In addition to the daily determination of the default risk position at the borrower level, an analysis of the essential structural features of the loan portfolio is carried out in connection with the quarterly risk report, which is intended to provide a comprehensive description of the loan portfolio with regard to the default risks contained in it (extensive structural analysis of the loan portfolio, an analysis of the exposure limits and their utilizations as well as concentration analyses). In addition, the default risks are quantified at portfolio level with the aid of the model "Credit Portfolio View (CPV)", the value at risk being applied at a confidence level of 99 per cent and an assumed holding period of one year as a measure of risk.

As at 31 December 2005, the gross loan volume was 118.4 billion euros. Compared to the previous year (€118.7bn), the gross loan volume was thus reduced by 0.3 billion euros. The two largest segments, Financial Institutions (€72.6bn) and Public Sector Finance (€24.0bn) accounted for approximately 96.6 billion euros or 82 per cent of the entire gross loan volume in the fiscal year just ended. After deduction of risk reductions, the risk segment Financial Institutions with 26.5 billion euros represents the greatest volume in the net loan volume. See the Risk Report (section of the Management Report) for an extensive description of our risk management as well as a detailed presentation of the interest rate and default risks.

Other information

[78] Significant concentrations

The Bank's cautious business policy is reflected in its continued low default ratio of 0.08 per cent on a five-year average (previous year: 0.08 per cent). There are no significant concentrations with respect to individual debtors or debtor groups or special industry dependencies.

We have included extensive information regarding the risks in the loan business in the Risk Report.

[79] Trust transactions

Unrecognized trust transactions at year-end were as follows:

	31.12.2005 €m	31.12.2004 €m	Change €m
Due from customers	118.2	0.5	+ 117.7
Trust assets	**118.2**	**0.5**	**+ 117.7**
Due to banks	88.2	–	+ 88.2
Due to customers	30.0	0.5	+ 29.5
Trust liabilities	**118.2**	**0.5**	**+ 117.7**

[80] Contingent and other liabilities

The contingent and other liabilities of the DekaBank Group are primarily potential future liabilities of the Group. They arise from guarantees provided as well as time-limited lines of credit granted to customers but not used. The amounts reflect possible obligations if granted lines of credit are fully utilized or the guarantees are claimed on. The risk provision for off-balance sheet liabilities was reduced by the said amounts.

Contingent and other liabilities:

	31.12.2005 €m	31.12.2004 €m	Change €m
Contingent liabilities from guarantees and warranty agreements	1,284.5	1,612.6	- 328.1
Contingent liability from the restructuring of Deka-ImmobilienFonds	344.0	–	+ 344.0
Irrevocable lending commitments	2,241.9	2,579.1	- 337.2
Other liabilities	44.1	46.9	- 2.8
Total	**3,914.5**	**4,238.6**	**- 324.1**

There are no individual items of great significance in either the contingent liabilities or the other liabilities.

[81] Assets pledged as collateral

Assets were pledged as collateral for own liabilities primarily in connection with genuine repurchase agreements and in accordance with the provisions of the Mortgage Bond Act. The genuine repurchase agreements were concluded at conditions prevailing in the market. Assets were pledged as collateral at the stated amounts for the following liabilities:

	31.12.2005 €m	31.12.2004 €m	Change €m
Due to banks	14,876.6	14,715.6	+ 161.0
Due to customers	11,012.2	11,427.1	- 414.9
Securitized liabilities	14,641.9	20,238.3	- 5,596.4
Trading liabilities	2,647.3	344.3	+ 2,303.0
Total	**43,178.0**	**46,725.3**	**- 3,547.3**

The following assets were pledged as collateral for the stated liabilities:

	31.12.2005 €m	31.12.2004 €m	Change €m
Cash reserve	295.7	–	+ 295.7
Due from banks	28,087.7	27,882.4	+ 205.3
Due from customers	9,789.5	11,750.5	- 1,961.0
Trading assets	19,529.0	979.6	+ 18,549.4
Financial investments	–	19,855.1	- 19,855.1
Total	**57,406.2**	**60,467.6**	**- 3,061.4**

The total amount of the assets pledged as collateral also includes the collateral furnished for securities sold under agreements to repurchase amounting to 5.5 billion euros (previous year: €8.1bn).

In addition, securities having a lending value of 8.7 billion euros (previous year: €7.6bn) were deposited with the German Central Bank (Deutsche Bundesbank) for refinancing. Securities having a nominal value of 301.1 million euros (previous year: €164.6m) were deposited with Clearstream Banking AG as collateral for transactions on the Eurex.

[82] Genuine repurchase agreements

	31.12.2005 €m	31.12.2004 €m	Change €m
Genuine repurchase agreements as pledgor			
Due to banks	9,696.4	8,117.8	+ 1,578.6
Due to customers	120.9	464.1	- 343.2
Total	**9,817.3**	**8,581.9**	**+ 1,235.4**
Genuine repurchase agreements as pledgee			
Due from banks	7,078.6	963.8	+ 6,114.8
Due from customers	1,551.9	358.3	+ 1,193.6
Total	**8,630.5**	**1,322.1**	**+ 7,308.4**

[83] Securities lending transactions

The trading assets include securities loaned in the amount of 3.1 billion euros. In the previous year, securities that were part of trading assets were loaned at a volume of 9.8 million euros and securities that were part of financial assets were loaned at a volume of 808.6 million euros.

Loaned out securities with a volume of 6.5 billion euros (previous year: €4.2bn) were not shown in the balance sheet.

[84] Volumes of foreign currency transactions

Due to the business policy orientation of the DekaBank Group, the volume of open currency positions is negligible.

	31.12.2005 €m	31.12.2004 €m	Change €m
US Dollar (USD)	12.5	38.3	- 25.8
British Pound (GBP)	3.0	2.2	+ 0.8
Swiss Franc (CHF)	18.1	23.6	- 5.5
Japanese Yen (JPY)	0.4	1.5	- 1.1
Swedish Krona (SEK)	6.7	8.2	- 1.5
Other foreign currencies	7.8	9.5	- 1.7
Total	**48.5**	**83.3**	**- 34.8**

[85] Letter of comfort

DekaBank will, except in the case of political risk, ensure that the subsidiaries included in the Group financial statements and listed below will be in a position to meet their commitments:

– DekaBank Deutsche Girozentrale Luxembourg S.A., Luxembourg
– Deutsche Girozentrale Holding S.A., Luxembourg
– Deutsche Girozentrale Overseas Limited, Grand Cayman

[86] Other financial commitments

These relate to payment commitments to non-Group or unconsolidated companies amounting to 23.2 million euros (previous year: €26.0m).

There is a contingent liability amounting to 20.9 million euros to put up additional capital towards the Liquiditäts-Konsortialbank GmbH, Frankfurt am Main.

[87] Holdings

DekaBank holds directly or indirectly a minimum of 20 per cent of the shares of the following companies:

Consolidated companies:

Name, registered address	Equity share in %
Bürohaus Mainzer Landstraße 16 GmbH & Co. KG, Frankfurt am Main	100.00
Deka Beteiligungsgesellschaft mbH, Frankfurt am Main	100.00
Deka Grundstücksgesellschaft mbH, Frankfurt am Main	100.00
Deka Grundstücksverwaltungsgesellschaft I (GbR), Frankfurt am Main	100.00
Deka Immobilien Investment GmbH, Frankfurt am Main	100.00
Deka International (Ireland) Ltd., Dublin	100.00
Deka International S.A., Luxembourg	100.00
Deka Investment GmbH, Frankfurt am Main	100.00
Deka(Swiss) Privatbank AG, Zurich	80.00 *
DekaBank Deutsche Girozentrale Luxembourg S.A., Luxembourg	100.00
DekaFundMaster Investmentgesellschaft mbH, Frankfurt am Main	100.00
Deutsche Girozentrale Holding S.A., Luxembourg	100.00
Deutsche Girozentrale Overseas Limited, Grand Cayman	100.00
Geschäftshaus am Gendarmenmarkt GmbH, Berlin	100.00
GMS Gebäudemanagement und Service GmbH, Frankfurt am Main	100.00
International Fund Management S.A., Luxembourg	100.00
Trianon GmbH, Frankfurt am Main	100.00
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf	99.74
WIV GmbH & Co. Beteiligungs KG, Mainz	94.90
WIV Verwaltungs GmbH, Mainz	94.90

* Consolidation rate based on economic ownership 100 per cent

Consolidated special funds:

Name, registered address	Equity share in %
A-DGZ-FONDS, Frankfurt am Main	100.00
A-DGZ 2-FONDS, Frankfurt am Main	100.00
A-DGZ 4-FONDS, Frankfurt am Main	100.00
A-DGZ 5-FONDS, Frankfurt am Main	100.00
A-DGZ 6-FONDS, Frankfurt am Main	100.00
A-DGZ 7-FONDS, Frankfurt am Main	100.00
A-Treasury 93-FONDS, Frankfurt am Main	100.00
A-Treasury 2000-FONDS, Frankfurt am Main	100.00
DDDD-FONDS, Frankfurt am Main	100.00

Associated companies and joint ventures consolidated at equity:

Name, registered address	Equity share in %
PensionsManagement GmbH, Düsseldorf	50.00
S Broker AG & Co. KG, Wiesbaden	30.64

Non-consolidated companies:

Name, registered address	Equity share in %	Equity capital €'000	Net income €'000
Deka Fixed Income Diversified Q Fund plc, Dublin	100.00	19,818.1	- 25.3
Deka Long/Short Equities Q Fund plc, Dublin	100.00	19,016.6	873.3
Deutsche Landesbankenzentrale AG, Berlin	100.00	1,204.7	33.1
Europäisches Kommunalinstitut S.A.R.L., Luxembourg	100.00	14.9	1.6
Institut für Automation der deutschen Sparkassen und Girozentralen (IfA) GmbH, Frankfurt am Main	100.00	41.5	1.0
Interspar Verwaltungsgesellschaft S.A., Luxembourg	100.00	28.6	–
LBG Leasing Beteiligungs-GmbH, Frankfurt am Main	100.00	40.6	1.7
Sparkassen-Vermögensbeteiligungs GmbH, Berlin	100.00	32.5	0.2
Deka Altershilfe GmbH, Frankfurt am Main	100.00	104.8	–
WestInvest Erste Beteiligungs- und Verwaltungs GmbH, Frankfurt am Main	99.74	76.1	- 90.6
WestInvest Zweite Beteiligungs- und Verwaltungs GmbH, Frankfurt am Main	99.74	23.7	- 1.3

[88] Information concerning business dealings with affiliated companies and individuals

In connection with the ordinary conduct of business, transactions are carried out with closely related persons and companies at conditions prevailing in the market. The following table shows the scope of the transactions.

Business dealings with shareholders of DekaBank and non-consolidated subsidiaries:

	Shareholders		Subsidiaries	
	31.12.2005 €m	**31.12.2004** €m	**31.12.2005** €m	**31.12.2004** €m
Asset items				
Due from customers	–	–	–	8.5
Total asset items	**–**	**–**	**–**	**8.5**
Liability items				
Due to customers	20.0	10.6	0.1	11.5
Trading liabilities	–	–	–	5.4
Total liability items	**20.0**	**10.6**	**0.1**	**16.9**

Business dealings with companies valued at equity and other closely related companies:

	Companies valued at equity		Other closely related Companies	
	31.12.2005 €m	31.12.2004 €m	31.12.2005 €m	31.12.2004 €m
Asset items				
Due from customers	–	–	–	129.3
Trading assets	–	–	0.8	–
Total asset items	**–**	**–**	**0.8**	**129.3**
Liability items				
Due to banks	–	0.1	–	–
Due to customers	2.7	2.4	126.1	467.0
Trading liabilities	–	–	1.7	6.8
Total liability items	**2.7**	**2.5**	**127.8**	**473.8**

In addition to Deka Trust e.V., the other closely related companies include owned retail funds if the participation share of the DekaBank Group exceeds 20 per cent.

In connection with the acquisition of the newly constructed office building Skyper, €442.2 million was paid directly to Deka-ImmobilienFonds. In addition, the DekaBank Group paid stabilizing grants in the amount of 92.2 million euros to the fund and waived the collection of custodian bank fees and management fees from the fund in the amount of 49.3 million euros.

People who, under IAS 24, are considered closely related are the members of the Board of Management and the Administrative Board of DekaBank as parent company. Please see the Notes [90] and [91] for information concerning remuneration and business events with the persons in question.

[89] Average number of staff

	31.12.2005	31.12.2004	Change
Full-time	2,848	2,840	+ 8
Part-time/temporary	391	351	+ 40
Total	**3,239**	**3,191**	**+ 48**

[90] Remuneration and defined benefit plans of Board members

	Management Board		Administrative Board	
	2005	2004	2005	2004
	€	€	€	€
Remuneration of current Board members				
Short-term benefits	3,071,809	4,767,922	775,185	725,279
Scope of obligation from defined benefit obligations to this group of persons	4,593,549	5,309,533	–	–
Remuneration paid to former Board members and their dependent survivors				
Short-term benefits	1,650,400	559,356		
Post-employment benefits	1,804,296	1,635,460	–	–
Total	3,454,696	2,194,816	–	–
Scope of obligation from defined benefit obligations to this group of persons	36,484,389	28,807,883	–	–

[91] Business events with Board members

	Management Board		Administrative Board	
	2005	2004	2005	2004
	€	€	€	€
Advances and loans	–	232,831	816,127	833,310

[92] Auditors' fees

In the year under review, the following fees were recognized as expenses for the auditor of the consolidated financial statements:

	2005
	€m
Fees for	
Audits of financial statements	1.6
Other certification or valuation services	4.4
Tax services	0.2
Other services	0.2
Total	**6,4**

[93] Additional miscellaneous information

On 23 March 2006, the Administrative Board of DekaBank will release the consolidated financial statements for publication.

Frankfurt am Main, 21 February 2006

DekaBank
Deutsche Girozentrale

BOARD OF MANAGEMENT

Waas, Ph.D.	Gutenberger
Oelrich	Dr. Steinmetz

Auditor's Report

We have audited the consolidated financial statements prepared by DekaBank Deutsche Girozentrale, Berlin/Frankfurt am Main, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2005. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of DekaBank's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and in the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 22 February 2006

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Burghardt)	(Sahm)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Shareholders, Associated Companies and Committees

Shareholders of DekaBank

(as of February 2006)

Shareholders of DekaBank			
GLB GmbH & Co. OHG	**49.17 %**	**DSGV ö. K.***	**50.00 %**
hereunder:		hereunder:	
Landesbank Baden-Württemberg*	8.35 %	Savings Banks Association of Baden-Württemberg	7.70%
HSH Nordbank AG*	7.75 %	Savings Banks and Giro Association of the Rhineland	6.56%
WestLB AG*	7.61 %	Savings Banks Association of Lower Saxony	6.46%
LRP Landesbank Rheinland-Pfalz*	6.21 %	Savings Banks Association of Bavaria	6.31%
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –*	2.89 %	Savings Banks and Giro Association of Westphalia-Lippe	6.17%
NORD/LB Norddeutsche Landesbank Girozentrale*	2.39 %	Savings Banks and Giro Association of Hesse-Thuringia	5.81%
Landesbank Saar*	0.98 %	Savings Banks and Giro Association of Rhineland-Palatinate	3.21%
Sachsen LB Landesbank Sachsen Girozentrale*	0.22 %	Savings Banks Association of Berlin	1.90%
Landesbank Hessen-Thüringen Girozentrale	5.51 %	East German Savings Banks Association	1.83%
Bayerische Landesbank	3.09 %	Savings Banks and Giro Association for Schleswig-Holstein	1.78%
NIEBA GmbH**	4.17 %	Savings Banks Association Saar	1.37%
NIEBA GmbH **	**0.83 %**	Hanseatic Savings Banks and Giro Association	0.90%

* Guarantors

** 100% subsidiary of NORD/LB Norddeutsche Landesbank Girozentrale

Subsidiaries and Associated Companies of DekaBank
(as of February 2006)

Subsidiaries and Associated Companies of DekaBank*	
Investment Companies	
Deka Investment GmbH, Frankfurt am Main	100.0%
Deka Immobilien Investment GmbH, Frankfurt am Main	100.0%
Deka International S.A., Luxembourg	100.0%
Deka International (Ireland) Ltd., Dublin	100.0%
Deka FundMaster Investmentgesellschaft mbH, Frankfurt am Main	100.0%
International Fund Management S.A., Luxembourg	100.0%
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf	99.7%
Eufigest S.A,. Luxembourg	23.7%
Erste-Sparinvest Kapitalanlagegesellschaft mbH, Vienna	2.9%
Banks	
DekaBank Deutsche Girozentrale Luxembourg S.A., Luxembourg	100.0%
Deka(Swiss) Privatbank AG, Zurich	80.0%
S Broker AG & Co. KG, Wiesbaden	30.6%
Liquiditäts-Konsortialbank GmbH, Frankfurt am Main	2.1%
Other	
GMS Gebäudemanagement und Service GmbH, Frankfurt am Main	100.0%
Deka Altershilfe GmbH, Frankfurt am Main	100.0%
Deka Grundstücksverwaltungsgesellschaft I (GbR), Frankfurt am Main	100.0%
Deka Grundstücksgesellschaft mbH, Frankfurt am Main	100.0%
Deutsche Girozentrale Overseas Ltd., Grand Cayman	100.0%
PensionsManagement GmbH, Düsseldorf	50.0%
S Broker Management AG, Wiesbaden	30.6%
DPG Deutsche Performancemessungs-Gesellschaft mbH, Frankfurt am Main	10.0%
True Sale International GmbH, Frankfurt am Main	7.7%
RSU Rating Service Unit GmbH & Co. KG, Munich	6.5%

* The shares are held directly or indirectly.
The Group has further holdings which are, however, of minor significance.

Administrative Board of DekaBank

(as of February 2006)

Dr. Dietrich H. Hoppenstedt
Chairman
President of the German Savings Banks and Giro Association – registered society –, Berlin, and of the German Savings Banks and Giro Association – public law entity –, Berlin
Chairman of the Executive Committee

Heinrich Haasis
First Deputy Chairman
President of the Savings Banks Association of Baden-Württemberg, Stuttgart
First Deputy Chairman of the Executive Committee

Dr. Thomas R. Fischer
Second Deputy Chairman
Chairman of the Management Board of WestLB AG, Düsseldorf
Second Deputy Chairman of the Executive Committee

Representatives elected by the General Meeting of Shareholders

Dr. Karlheinz Bentele
President of the Savings Banks and Giro Association of the Rhineland, Düsseldorf

Hans Berger
Deputy Chairman of the Management Board of HSH Nordbank AG, Kiel

Gregor Böhmer
Managing President of the Savings Banks and Giro Association of Hesse-Thuringia, Frankfurt am Main
Member of the Audit Committee

Thomas Christian Buchbinder
Chairman of the Management Board of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen

Dr. Rolf Gerlach
President of the Savings Banks and Giro Association of Westphalia-Lippe, Münster
Chairman of the Audit Committee
Member of the Executive Committee

Dr. Max Häring
Chairman of the Management Board of Landesbank Saar, Saarbrücken

Dr. Siegfried Jaschinski
Chairman of the Management Board of Landesbank Baden-Württemberg, Stuttgart
Deputy Chairman of the Audit Committee
Member of the Executive Committee

Dieter Klepper
Chairman of the Management Board of Sparkasse Saarbrücken, Saarbrücken

Peter Krakow
Chairman of the Management Board of Sparkasse Leipzig, Leipzig

Thomas Mang
President of the Savings Banks Association of Lower Saxony, Hanover

Dr. Günther Merl
Chairman of the Management Board of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main
Member of the Executive Committee

Dr. Siegfried Naser
Managing President of the Savings Banks Association of Bavaria, Munich
Member of the Executive Committee

Dr. Friedhelm Plogmann
Chairman of the Management Board of LRP Landesbank Rheinland-Pfalz, Mainz

Dr. Hannes Rehm
Chairman of the Management Board of NORD/LB Norddeutsche Landesbank Girozentrale, Hanover
Member of the Executive Committee

Werner Schmidt
Chairman of the Management Board of Bayerische Landesbank, Munich

Gustav Adolf Schröder
Chairman of the Management Board of Sparkasse KölnBonn, Cologne
Member of the Executive Committee

Dr. Friedhelm Steinberg
Deputy Chairman of the Management Board of Hamburger Sparkasse AG, Hamburg

Hans Otto Streuber
President of the Savings Banks and Giro Association of Rhineland-Palatinate, Budenheim

Alexander Stuhlmann
Chairman of the Management Board of HSH Nordbank AG, Hamburg

Herbert Süß
Chairman of the Management Board of Sachsen LB Landesbank Sachsen Girozentrale, Leipzig

Hans-Jörg Vetter
Chairman of the Management Board of Landesbank Berlin AG, Berlin

Representatives of the Federal Association of Municipal Umbrella Organisations

(in an advisory capacity)

Dr. Stephan Articus
Executive Director of the German Association of Cities, Cologne

Prof. Dr. Hans-Günter Henneke
Managing Member of the Presiding Board of the German County Association, Berlin

Roland Schäfer
President of the German Association of Towns and Municipalities, Berlin, Mayor of the City of Bergkamen

Employee Representatives appointed by the Staff Council

Hermann Gelsen
DekaBank Deutsche Girozentrale, Frankfurt am Main

Heike Schillo
DekaBank Deutsche Girozentrale, Frankfurt am Main

(End of the term of office: 31.12.2008)

Board of Management

Franz S. Waas, Ph.D.
(from 01.01.2006)
Chairman

Axel Weber
(to 17.03.2005)
Chairman

Hans-Jürgen Gutenberger

Fritz Oelrich
Acting Chairman
(from 18.03.2005 to 31.12.2005)

Dr. Bernhard Steinmetz

Dr. Peter J. Mathis
(to 31.08.2005)
Deputy Member

Executive Managers

Oliver Behrens
(from 01.01.2006)

Oliver K. Brandt

Manfred Karg

Osvin Nöller

Gerhard Reidel

Thomas Christian Schulz

General State Supervision

By virtue of an administrative convention concluded between the Federal Republic of Germany and the State of Berlin of 9/19 March 1955, general government supervision of the Bank is exercised by the Federal Minister of Economics.

In accordance with an organisation order of the Federal Chancellor of 15 December 1972, government supervision is the responsibility of the Federal Minister of Finance. The latter has appointed

State Commissioner

Ministerialrat Peter Görß
Ministerial Councillor
Federal Ministry of Finance, Berlin
(from 15.02.2005 to 31.08.2005)

Ministerialrat Heinjörg Herrmann
Ministerial Councillor
Federal Ministry of Finance, Berlin
(from 06.01.2006)

Deputy State Commissioner

Regierungsdirektor Jens Conert
Federal Ministry of Finance, Berlin

Fund-related Committees

Investment Fund Committee of DekaBank (as of February 2006)

Jürgen Teufel
Chairman
Chairman of the Management Board of Sparkasse Pforzheim Calw, Pforzheim

Jürgen Kösters
Deputy Chairman
Member of the Management Board of NORD/LB Norddeutsche Landesbank Girozentrale, Hanover

Members

Dr. Norbert Bräuer
Member of the Management Board of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main

Dr. Guido Brune
Member of the Management Board of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen

Dieter Burgmer
Member of the Management Board of Bayerische Landesbank, Munich

Dr. Norbert Emmerich
Deputy Chairman of the Management Board of WestLB AG, Düsseldorf

Dr. Johannes Evers
Member of the Management Board of Landesbank Berlin AG, Berlin

Klaus Hacker
Chairman of the Management Board of Sparkasse Hagen, Hagen

Michael Horn
Deputy Chairman of the Management Board of Landesbank Baden-Württemberg, Stuttgart

Karl-Ludwig Kamprath
Chairman of the Management Board of Kreissparkasse München Starnberg, Munich

Siegmar Müller
Chairman of the Management Board of Sparkasse Germersheim-Kandel, Kandel

Jürgen Müsch
Member of the Management Board of Landesbank Saar, Saarbrücken

Wolfgang Pötschke
Chairman of the Management Board of Sparkasse zu Lübeck AG, Lübeck

Gerrit Raupach
Member of the Management Board of Sachsen LB Landesbank Sachsen Girozentrale, Leipzig

Fred Ricci
Chairman of the Management Board of Sparkasse Neunkirchen, Neunkirchen

Paul Kurt Schminke
Member of the Management Board of LRP Landesbank Rheinland-Pfalz, Mainz

Walter Schubert
Chairman of the Management Board of Mittelbrandenburgische Sparkasse in Potsdam, Potsdam

Georg Sellner
Chairman of the Management Board of Stadt- und Kreis-Sparkasse Darmstadt, Darmstadt

Dr. Harald Vogelsang
Member of the Management Board of Hamburger Sparkasse AG, Hamburg

Ulrich Weiterer
Chairman of the Management Board of Sparkasse Goslar/Harz, Goslar

Extraordinary member

Christoph Schulz
Executive Member of the Management Board of the German Savings Banks and Giro Association (DSGV e. V.), Berlin

(End of the term of office: 31.12.2008)

Fund Sales Advisory Council of DekaBank (as of February 2006)

Jürgen Teufel
Chairman
Chairman of the Management Board of Sparkasse Pforzheim Calw, Pforzheim

Jürgen Kösters
Deputy Chairman
Member of the Management Board of NORD/LB Norddeutsche Landesbank Girozentrale, Hanover

Members

Hans Adler
Chairman of the Management Board of Sparkasse Starkenburg, Heppenheim

Berthold Balge
Chairman of the Management Board of Kreissparkasse Saarlouis, Saarlouis

Dietmar P. Binkowska
Deputy Chairman of the Management Board of Sparkasse KölnBonn, Cologne

Götz Bormann
Chairman of the Management Board of Sparkasse Kiel, Kiel

Manfred Driemeier
Member of the Management Board of Sparkasse Osnabrück, Osnabrück

Fred Engelbrecht
Chairman of the Management Board of Sparkasse Hamm, Hamm

Dr. Johannes Evers
Member of the Management Board of Landesbank Berlin AG, Berlin

Martin Fischer
Chairman of the Management Board of Sparkasse Jena-Saale-Holzland, Jena

Dr. Thomas Grützemacher
Member of the Management Board of Stadtsparkasse München, Munich

Hans Michael Hambücher
Chairman of the Management Board of Kreissparkasse Heilbronn, Heilbronn

Joachim Hoof
Chairman of the Management Board of Ostsächsische Sparkasse Dresden, Dresden

Hans Martz
Deputy Chairman of the Management Board of Sparkasse Essen, Essen

Uwe Perl
Member of the Management Board of Sparkasse Bremerhaven, Bremerhaven

Andreas Peters
Member of the Management Board of Sparkasse Rhein-Nahe, Bad Kreuznach

Mario Porten
Chairman of the Management Board of Sparkasse Südholstein, Neumünster

Dr. Harald Quensen
Chairman of the Management Board of Frankfurter Sparkasse AG, Frankfurt am Main

Markus Schabel
Chairman of the Management Board of Sparkasse Münsterland Ost, Münster

Siegmund Schiminski
Chairman of the Management Board of Sparkasse Bayreuth, Bayreuth

Michael W. Schmidt
Chairman of the Management Board of Sparkasse Worms-Alzey-Ried, Worms

Klaus Schöniger
Member of the Management Board, Die Sparkasse Bremen AG, Bremen

Walter Schubert
Chairman of the Management Board of Mittelbrandenburgische Sparkasse in Potsdam, Potsdam

Frank Schumacher
Member of the Management Board of Sparkasse zu Lübeck AG, Lübeck

Klaus Wagner
Deputy Chairman of the Management Board of Kreissparkasse Verden, Verden

Ludwig Wasemann
Deputy Chairman of the Management Board of Kreissparkasse Saarpfalz, Homburg

Johannes Werner
Chairman of the Management Board of Kreissparkasse Ostalb, Aalen

Further members

Dr. Bernd Kobarg
Chairman of the Management of Deutscher Sparkassen Verlag GmbH, Stuttgart

Heinz Panter
Chairman of the Management Board of Landesbausparkasse Baden-Württemberg, Stuttgart

Günter Schlatter
Chairman of the Management Board of Provinzial Rheinland – Die Versicherung der Sparkassen, Düsseldorf

Christoph Schulz
Executive Member of the Management Board of the German Savings Banks and Giro Association (DSGV e. V.), Berlin

(End of the term of office: 31.12.2007)

Regional Fund Committees for Savings Banks (as of February 2006)

Regional Fund Committee for Savings Banks NorthWest I

Sparkasse Aachen, Aachen
Sparkasse Rhein-Haardt, Bad Dürkheim
TaunusSparkasse, Bad Homburg
Sparkasse Bielefeld, Bielefeld
NORD/LB Norddeutsche Landesbank, Brunswick
Sparkasse Celle, Celle
Kreissparkasse Köln, Cologne
Stadt- und Kreis-Sparkasse Darmstadt, Darmstadt
Sparkasse Detmold, Detmold
Sparkasse Dortmund, Dortmund
Sparkasse Westmünsterland, Dülmen
Sparkasse Düren, Düren
Stadtsparkasse Düsseldorf, Düsseldorf
Sparkasse Mittelthüringen, Erfurt
Kreissparkasse Heinsberg, Erkelenz
Sparkasse Holstein, Eutin and Bad Oldesloe
Sparkasse Oberhessen, Friedberg
Sparkasse Gera-Greiz, Gera
Sparkasse Gifhorn-Wolfsburg, Gifhorn
Sparkasse Göttingen, Göttingen
Sparkasse der Stadt Hagen, Hagen
Hamburger Sparkasse AG, Hamburg
Sparkasse Harburg-Buxtehude, Hamburg
Sparkasse Hannover, Hanover
Sparkasse Herford, Herford
Sparkasse Hildesheim, Hildesheim
Kreissparkasse Steinfurt, Ibbenbüren
Sparkasse Koblenz, Koblenz
Sparkasse Krefeld, Krefeld
Sparkasse Südliche Weinstraße in Landau, Landau
Sparkasse Lemgo, Lemgo
Sparkasse Leverkusen, Leverkusen
Sparkasse Minden-Lübbecke, Minden
Sparkasse Mülheim an der Ruhr, Mülheim
Sparkasse Neuss, Neuss
Sparkasse Paderborn, Paderborn
Kreissparkasse Herzogtum Lauenburg, Ratzeburg
Sparkasse Schaumburg, Rinteln
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Nord-Ostsee Sparkasse, Schleswig
Sparkasse Siegen, Siegen
Stadt-Sparkasse Solingen, Solingen
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Sparkasse Hilden-Ratingen-Velbert, Velbert
Nassauische Sparkasse, Wiesbaden
Stadtsparkasse Wuppertal, Wuppertal

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Savings Banks and Giro Association for Schleswig-Holstein, Kiel
Savings Banks and Giro Association of Rhineland-Palatinate, Mainz
Savings Banks and Giro Association of Westphalia-Lippe, Münster
Savings Banks Association Saar, Saarbrücken

Regional Fund Committee for Savings Banks NorthWest II (North and Westphalia)

Sparkasse Attendorn-Lennestadt-Kirchhundem, Attendorn
Stadtsparkasse Bad Oeynhausen, Bad Oeynhausen
Stadtsparkasse Bad Pyrmont, Bad Pyrmont
Stadtsparkasse Bad Sachsa, Bad Sachsa
Stadtsparkasse Bocholt, Bocholt
Bordesholmer Sparkasse, Bordesholm
Sparkasse Höxter, Brakel
Kreissparkasse Wesermünde-Hadeln, Bremerhaven
Stadtsparkasse Burgdorf, Burgdorf
Stadtsparkasse Delbrück, Delbrück
Kreissparkasse Grafschaft Diepholz, Diepholz
VerbundSparkasse Emsdetten·Ochtrup, Emsdetten
Sparkasse Finnentrop, Finnentrop
Flensburger Sparkasse, Flensburg
Sparkasse Goslar/Harz, Goslar
Sparkasse Gütersloh, Gütersloh
Kreissparkasse Halle, Halle (Westfalen)
Stadtsparkasse Hemer, Hemer
Stadtsparkasse Herdecke, Herdecke
Sparkasse Kierspe-Meinerzhagen, Kierspe
Stadtsparkasse Lengerich, Lengerich
Stadtsparkasse Lippstadt, Lippstadt
Sparkasse Lüneburg, Lüneburg
Sparkasse Lünen, Lünen
Sparkasse Meschede, Meschede
Sparkasse Nienburg, Nienburg
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Stadtsparkasse Osterode, Osterode
Kreissparkasse Peine, Peine
Kreissparkasse Wiedenbrück, Rheda-Wiedenbrück
Sparkasse Scheeßel, Scheeßel
Sparkasse Sprockhövel, Sprockhövel
Sparkasse Uelzen Lüchow-Dannenberg, Uelzen
Stadtsparkasse Versmold, Versmold
Stadtsparkasse Wedel, Wedel
Sparkasse Werl, Werl
Stadtsparkasse Werne, Werne
Stadtsparkasse Wetter, Wetter
Kreissparkasse Wittmund, Wittmund

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Regional Fund Committee for Savings Banks NorthWest II (Centre and Rhineland)

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Sparkasse Bad Hersfeld-Rotenburg, Bad Hersfeld
Stadtsparkasse Bad Honnef, Bad Honnef
Kreissparkasse Westerwald, Bad Marienberg
Sparkasse Bensheim, Bensheim
Sparkasse Mittelmosel – Eifel Mosel Hunsrück, Bernkastel-Kues
Kreissparkasse Daun, Daun
Sparkasse Dinslaken-Voerde-Hünxe, Dinslaken
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Sparkasse Odenwaldkreis, Erbach
Sparkasse Geldern, Geldern
Sparkasse Germersheim-Kandel, Kandel
Sparkasse Gießen, Gießen
Verbandssparkasse Goch-Kevelaer-Weeze, Goch
Kreissparkasse Gotha, Gotha
Sparkasse Dieburg, Groß-Umstadt
Sparkasse Gummersbach-Bergneustadt, Gummersbach
Stadt-Sparkasse Haan (Rheinl.), Haan
Stadtsparkasse Kaiserslautern, Kaiserslautern
Sparkasse Kleve, Kleve
Kreissparkasse Limburg, Limburg (Lahn)
Sparkasse Vorderpfalz Ludwigshafen a. Rh. – Schifferstadt, Ludwigshafen
Sparkasse Mainz, Mainz
Kreissparkasse Mayen, Mayen
Rhön-Rennsteig-Sparkasse, Meiningen
Sparkasse Merzig-Wadern, Merzig
Sparkasse Neunkirchen, Neunkirchen
Sparkasse Neuwied, Neuwied
Kreissparkasse Nordhausen, Nordhausen
Städtische Sparkasse Offenbach, Offenbach
Sparkasse Radevormwald-Hückeswagen, Radevormwald
Kreissparkasse Saalfeld-Rudolstadt, Saalfeld
Kreissparkasse Schlüchtern, Schlüchtern
Kyffhäusersparkasse Artern-Sondershausen, Sondershausen
Sparkasse Sonneberg, Sonneberg
Kreis- und Stadtsparkasse Speyer, Speyer
Kreissparkasse St. Wendel, St. Wendel
Kreissparkasse Eichsfeld, Worbis

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Savings Banks and Giro Association of Rhineland-Palatinate, Mainz
Savings Banks Association Saar, Saarbrücken

Regional Fund Committee for Savings Banks SouthEast I

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Kreissparkasse Augsburg, Augsburg
Stadtsparkasse Augsburg – Kreditanstalt des öffentlichen Rechts, Augsburg
Sparkasse Zollernalb, Balingen
Sparkasse Bamberg, Bamberg
Landesbank Berlin AG, Berlin
Kreissparkasse Biberach, Biberach
Kreissparkasse Böblingen, Böblingen
Sparkasse Kraichgau, Bruchsal
Sparkasse Chemnitz, Chemnitz
Ostsächsische Sparkasse Dresden, Dresden
Stadt- und Kreissparkasse Erlangen, Erlangen
Kreissparkasse Esslingen-Nürtingen, Esslingen
Sparkasse Freiburg-Nördlicher Breisgau, Freiburg
Sparkasse Bodensee, Friedrichshafen and Konstanz
Sparkasse Fürstenfeldbruck, Fürstenfeldbruck
Sparkasse Fürth, Fürth
Kreissparkasse Göppingen, Göppingen
Stadt- und Saalkreissparkasse Halle, Halle
Sparkasse Heidelberg, Heidelberg
Sparkasse Allgäu, Kempten
Sparkasse Leipzig, Leipzig
Kreissparkasse Ludwigsburg, Ludwigsburg
Stadtsparkasse Magdeburg, Magdeburg
Sparkasse Memmingen-Lindau-Mindelheim, Memmingen
Kreissparkasse München Starnberg, Munich
Sparkasse Nürnberg, Nuremberg
Sparkasse Offenburg/Ortenau, Offenburg
Sparkasse Vogtland, Plauen
Kreissparkasse Ravensburg, Ravensburg
Sparkasse Regensburg, Regensburg
Kreissparkasse Reutlingen, Reutlingen
OstseeSparkasse Rostock, Rostock
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Kreissparkasse Tuttlingen, Tuttlingen
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Kreissparkasse Waiblingen, Waiblingen
Sparkasse Mainfranken Würzburg, Würzburg
Sparkasse Zwickau, Zwickau

Further members

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Savings Banks Association of Baden-Württemberg, Stuttgart and Mannheim
Savings Banks Association of Bavaria, Munich

Regional Fund Committee for Savings Banks SouthEast II

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Kreissparkasse Aue-Schwarzenberg, Aue
Sparkasse Bad Kissingen, Bad Kissingen
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Sparkasse Bonndorf-Stühlingen, Bonndorf
Sparkasse Bühl, Bühl
Stadtsparkasse Dessau, Dessau
Sparkasse Elbe-Elster, Finsterwalde
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Further members

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Savings Banks Association of Baden-Württemberg, Stuttgart and Mannheim
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(End of the term of office: 31.12.2006 respectively)

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Disclaimer

We would be pleased to send you a copy of our Annual Report in German or English. If you wish to receive our Annual Reports on a regular basis, please contact the Press and Media Department:
Phone: (+49) 69 71 47 - 13 96 or
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Our Group companies in Luxembourg and Switzerland, DekaBank Deutsche Girozentrale Luxembourg S. A. and Deka(Swiss) Privatbank AG, publish their own Annual Reports.

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