DGZ DekaBank
Unternehmen der Finanzgruppe

DGZ·DekaBank Deutsche Kommunalbank

Annual Report

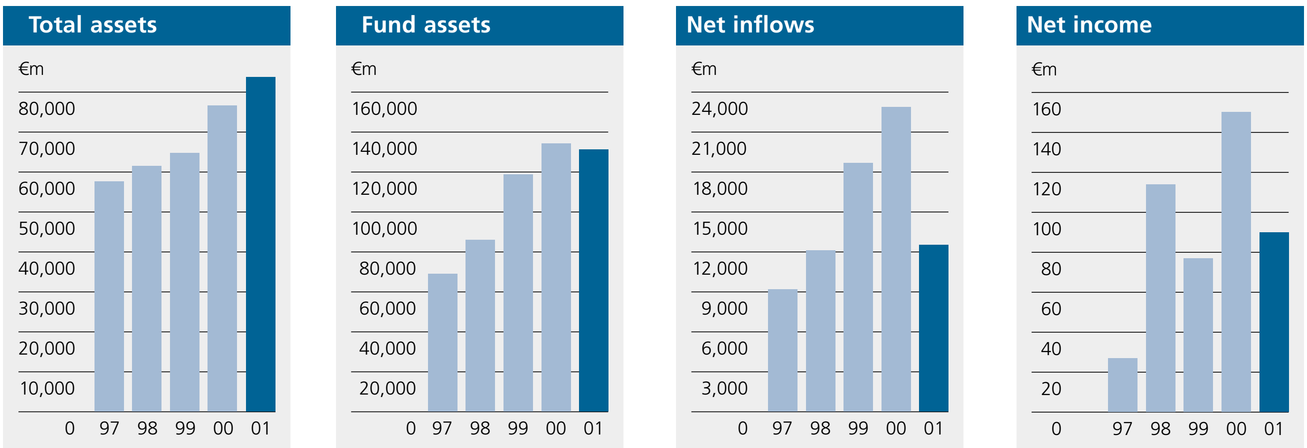
DGZ·DekaBank
Annual Report 2001

DGZ·DekaBank
Deutsche Kommunalbank

Annual Report 2001

Overview of DGZ·DekaBank Group

€m	1997	1998*	1999*	2000*	2001*
Total assets	57,675	61,484	64,785	76,680	**81,371**
Liable equity capital	1,355	1,724	1,789	2,039	**2,093**
Due to					
banks	26,405	30,183	31,654	34,525	**31,732**
customers	10,076	10,174	10,787	13,885	**19,144**
Due from					
banks	27,931	28,244	29,545	34,287	**33,584**
customers	17,977	18,380	19,543	18,864	**21,926**
Fund assets	68,970	85,895	118,749	134,319	**133,499**
Net inflows	9,148	12,083	18,759	22,889	**12,476**
Custodial account volume	16,432	22,841	40,643	52,657	**53,836**
Net income	27	114	77	150	**92**
Staff	509	1,793	2,329	2,899	**3,199**



* Due to the merger of Deutsche Girozentrale –Deutsche Kommunalbank– with DekaBank GmbH to form DGZ·DekaBank Deutsche Kommunalbank, the figures as of 1998 are not directly comparable with those of 1997.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Ladies and gentlemen,

We are pleased to present our annual report for 2001. Last year, DGZ·DekaBank enhanced its position in a difficult market environment. In the banking segment, we successfully moved forward with our strategy of measured growth. In the investment fund sector, however, we did not achieve the record levels seen in the exceptional boom years of 1999 and 2000, due to the sustained weakness of financial markets. In spite of this, continued positive inflows and more than half a million new investment accounts are a sign that there is not the slightest hint of a loss of confidence in investment funds. What has changed is investor behaviour – last year saw a stronger-than-ever trend towards structured investment concepts such as funds of funds and fund-based asset management. Pension provision – both occupational and private – also continued to move higher up the investor agenda.

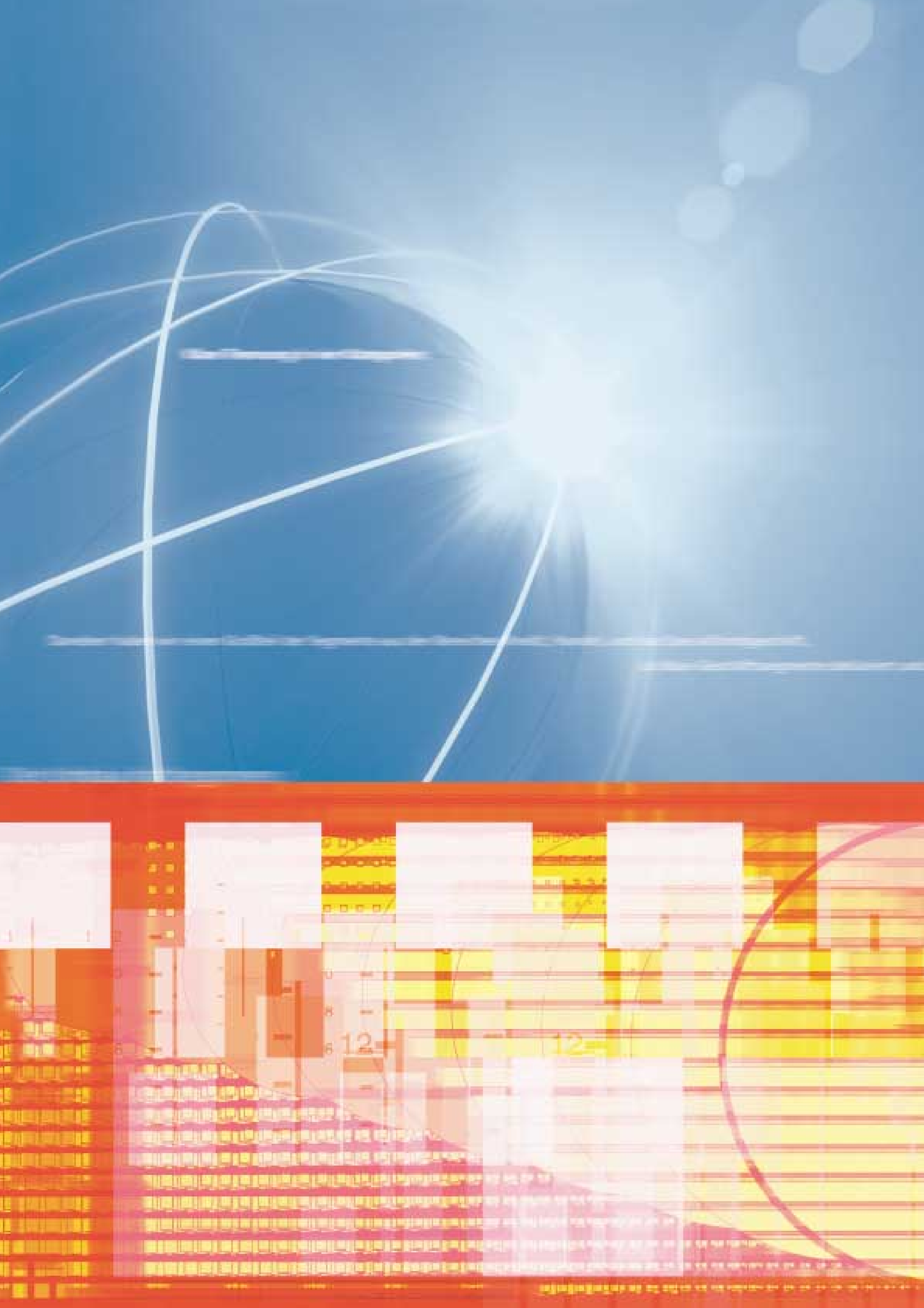
Three years after the merger of Deutsche Girozentrale and DekaBank, the internal process of integration and new strategic positioning is complete. Bringing together two different business segments and integrating a large number of new employees have been a success. We have also embarked on a new path in our organisational structure, on the one hand focusing on the enhanced bundling of production, marketing and transaction banking and on the other, on the clear separation of these activities from one another. DGZ·DekaBank has a clear agenda: it is based on the three policy pillars of premium quality, the clear demarcation of expertise and close partner-orientation. As an outstanding example of the core bundling of strengths in a decentralised financial services organisation, our Group sees itself, in its close integration in the German savings banks organisation, ideally positioned for the future.

Once again, we achieved a great deal in the 2001 business year. This is largely thanks to the commitment and outstanding performance of our employees but also to the responsible boards and committees of the Bank and its subsidiaries. We have full confidence in them all as we move forward to the tasks that await us in 2002. We are well positioned for the challenges of the future.

Sincerely

Axel Weber

Axel Weber
Chairman of the Board of Management



The New Group Strategy

At an early stage – as far back as the boom year of 2000 – DGZ·DekaBank Group set itself the task of looking for answers to the question: "Are we doing the right things today, and are we doing them right?"

In order to be able to answer these questions, the Group management board have been considering the fundamental direction of the overall Group since summer 2000. The exercise also included intensive consultation with key Group executives both in Germany and abroad. In September 2000, a comprehensive project was launched, intended to cover the Bank's entire range of services: investment funds, lending, trading. Other issues such as procedures and structures as well as the positioning of our Group within the German savings banks organisation were also included on the agenda. A key board priority was not to have a strategy drawn up behind closed doors by a small and largely external team of consultants, but instead to opt for a broad-based approach by taking on board all divisional and departmental heads.

Doing the right things

The answer to the question: "Are we doing the right things today?" is: Yes. This is why we intend to continue to actively position ourselves as a broad-based, customer-focused bank in the three segments investment funds, lending and trading – the latter two integrated under the heading of wholesale banking. Within these three segments, however, there are major differences in how we prioritise our activities with regard to resource and investment allocation.

core segment mutual funds

We have defined retail funds as our absolute core segment. Based on an active growth strategy, we want, together with our sales partners, the savings banks and landesbanks, to increase our market share from close to 20 per cent today to 25 per cent by 2006. We additionally want to further expand our dominant market position in open-end property funds, funds of funds and fund-based asset management, as well as widen our range of services within the investment fund segment. As a result, we are currently looking at how individual services that are now largely performed in-house might be offered to external providers. Possible areas might include performance appraisal, fund accounting or assuming advisory mandates for institutional clients.

In this way, the investment fund business will continue to remain our main focus in the future with the advantage that in the retail fund segment ours is one of the few central institutional functions of the savings banks organisation to date.

In addition, we have also turned a large number of segments in lending and trading, as well as our special funds business, into core business segments. Our Group's second pillar, wholesale banking, predates the merger of DGZ and DekaBank. Our aim here is to achieve the focused expansion of both operating fields, lending and trading. In lending, we have drawn up and laid down clear growth targets with regard to volume and earnings for the future core segments of corporate, real estate, aircraft, project, export and trade finance together with public sector finance. In trading too, we plan the targeted expansion of services within the Group but also with a view to customers inside and outside the savings banks organisation.

credit and trading: focused expansion

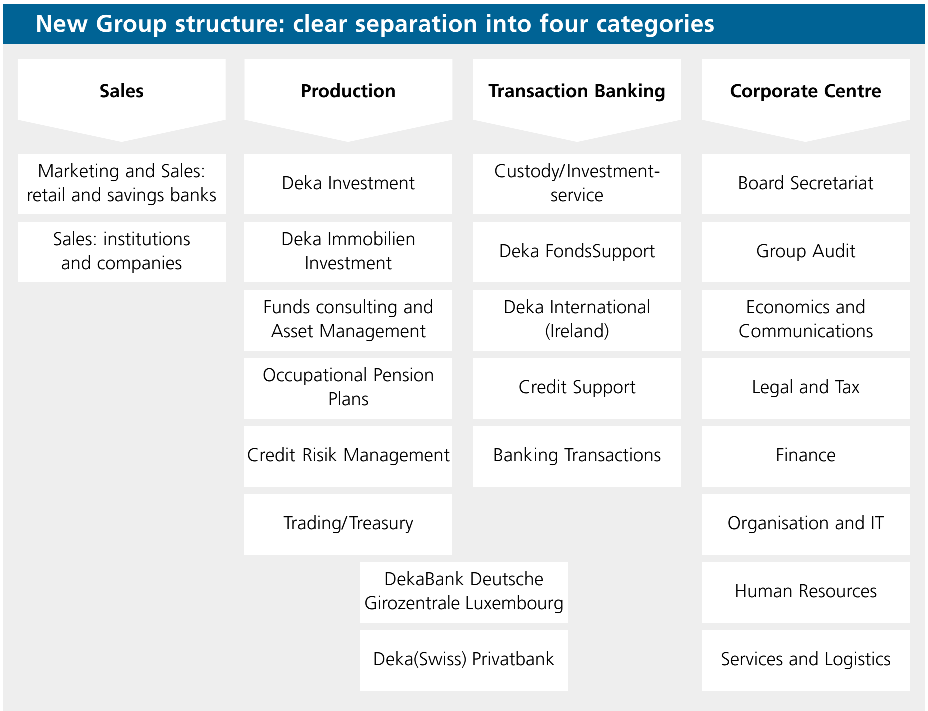
We are market leader in the securities segment of special funds and aim to defend this position. We additionally want to enhance our services for institutional clients by offering "customised property funds". In addition to providing a wider range of investment options, these products are also tax-efficient.

We also plan to withdraw from certain business segments such as residential property financing.

In the light of the complete spectrum of products and services offered by our Group, we are well equipped for the future. All our business segments have a clear direction, and all our targets are linked to individual quantitative guidelines. We will introduce targeted improvements wherever necessary.

Doing things right

Looking for the answer to the question "Are we doing things right?" led – after an analysis of internal procedures and external market trends – to the introduction of major structural changes at Group level, at the heart of which are two elements: a stronger bundling of similar Group activities on the one hand and the clear demarcation of these functions on the other. What this will mean for our organisation is a new structure based on four pillars: sales, production, transaction banking and corporate centre. Each of these pillars will include the divisions of the Bank as well as our domestic and foreign subsidiaries.



The need for procedural change and the consequences of the restructuring can be explained by means of a number of examples:

Example: Sales and Marketing

Our savings banks customers have to date been serviced by six different units within our fund and wholesale banking segments. Staff from seven – at times completely different – units have advised our institutional customers. Through the reorientation from a product-driven to a customer-driven organisation, just two organisational units will be responsible for interfacing with customers: "marketig and sales: retail and savings banks" and "sales: institutions and companies". Both units will continue to serve customers as we have always done – with a one face to the customer policy – and to provide their respective customer groups with services across the entire spectrum of Group products. On special themes and products, specialists from the individual production units in investment funds, lending and trading will naturally be called in to provide additional expertise.

product overriding customer care

Example: Production

Until now, three Group organisational units in Germany alone dealt with the management of mutual funds. Retail funds and special funds were managed by two separate subsidiaries. In addition, a team of specialists was responsible for active quantitative products. With the merger of these three units to form Deka Investment GmbH retrospectively as of 1 January 2002, three production processes which had to date operated in parallel will be merged and the replication of operations – in particular in our research, portfolio construction and implementation divisions – avoided.

Other changes have been triggered by external analysis of the market and competitive environment and their implications for our Group. These include the early implementation of the guidelines contained in the new Basel Capital Accord (Basel II) with regard to the organisation of lending business and the reorganisation of the fund management process resulting from the merger of our retail fund and special fund investment companies.

Example: the organisation of credit

separation of credit acquisition and administration

The Basel Committee on Banking Supervision's new capital rules (Basel II) call for the operational separation between the acquisition on the one hand and the evaluation of credit risk and hence formal lending decisions on the other. The guidelines, which will become binding in Germany by 2005, have already been integrated into the Group's new organisational structure: credit acquisition has now been integrated into overall Bank marketing. Additionally, two divisions will in future be responsible for the evaluation of credit risk management as well as largely administrative tasks in the credit field. This means our Group has at a very early stage adjusted to the changes in the competitive environment and taken on a pioneer role in the German banking environment.

Example: Investment process

Deka Investment's new fund production structure aims to enhance the quality and hence the performance of Deka Investmentfonds in the long term along Anglo-American lines. This quality objective is firmly anchored in Deka Investment's mission statement as our top business priority: "Our core business is the investment business – our core functions are the development, management and servicing of investment products; at Deka Investment, we bundle our strengths to further strengthen our market position. We want our products and performance to be among the best in Europe – we want to be one of the service providers with the highest number of top-rated European products. In the retail funds segment, we want to be ranked among the top 20 per cent of Europe's leading investment companies. And in the institutional sector, we want our core products to be on the top consultants' "must" lists.

A key component in successfully realising this objective is – alongside technical and methodological expertise, the efficient deployment of resources and highly skilled employees – above all a competitive investment process of the kind that already exists in Anglo-American companies. The investment process is broken down into stages: research, portfolio construction, implementation as well as performance analysis and process control, each of which represent scrupulously defined and disciplined decision-making processes. They include clearly demarcated responsibilities and clearly defined results for each individual process stage. What we at Deka Investment have introduced is the switch from the "one fund, one manager" principle, still common in Germany today, to a clearly more sophisticated specialist culture. Our decision to follow this route will set new standards in the German investment fund industry.

clearly defined decision-making processes

Restructuring of investment process

Research	Portfolio construction	Implementation	Performance analysis/risk control
▶ Macro research	▶ Construction of model portfolios for all product classes	▶ Product-specific implementation of model portfolios into client portfolios/fund profiles	▶ Regulatory control (external/internal)
▶ Micro research with specialisation • by asset class • by sector • by individual stock	▶ Basis: assessments risk-integrated research	▶ Where required, client-specific adjustments	▶ Performance analysis • research • model portfolios • client portfolios
▶ Result: Assessment of asset classes/sectors/ individual stocks/ funds etc. (basis for construction of model portfolios)	▶ Result: model portfolios	▶ Trading implementation of client portfolios (brokerage)	

Clearly defined and disciplined decision-making processes with well-demarcated lines of responsibility

The significantly higher level of specialism and the strongly area-driven investment process are also systematically reflected in the organisational structure of Deka Investment GmbH and demonstrated by four new professional fields within the fund management environment: “research manager”, “alpha portfolio manager”, “client portfolio manager” and “product specialist”.

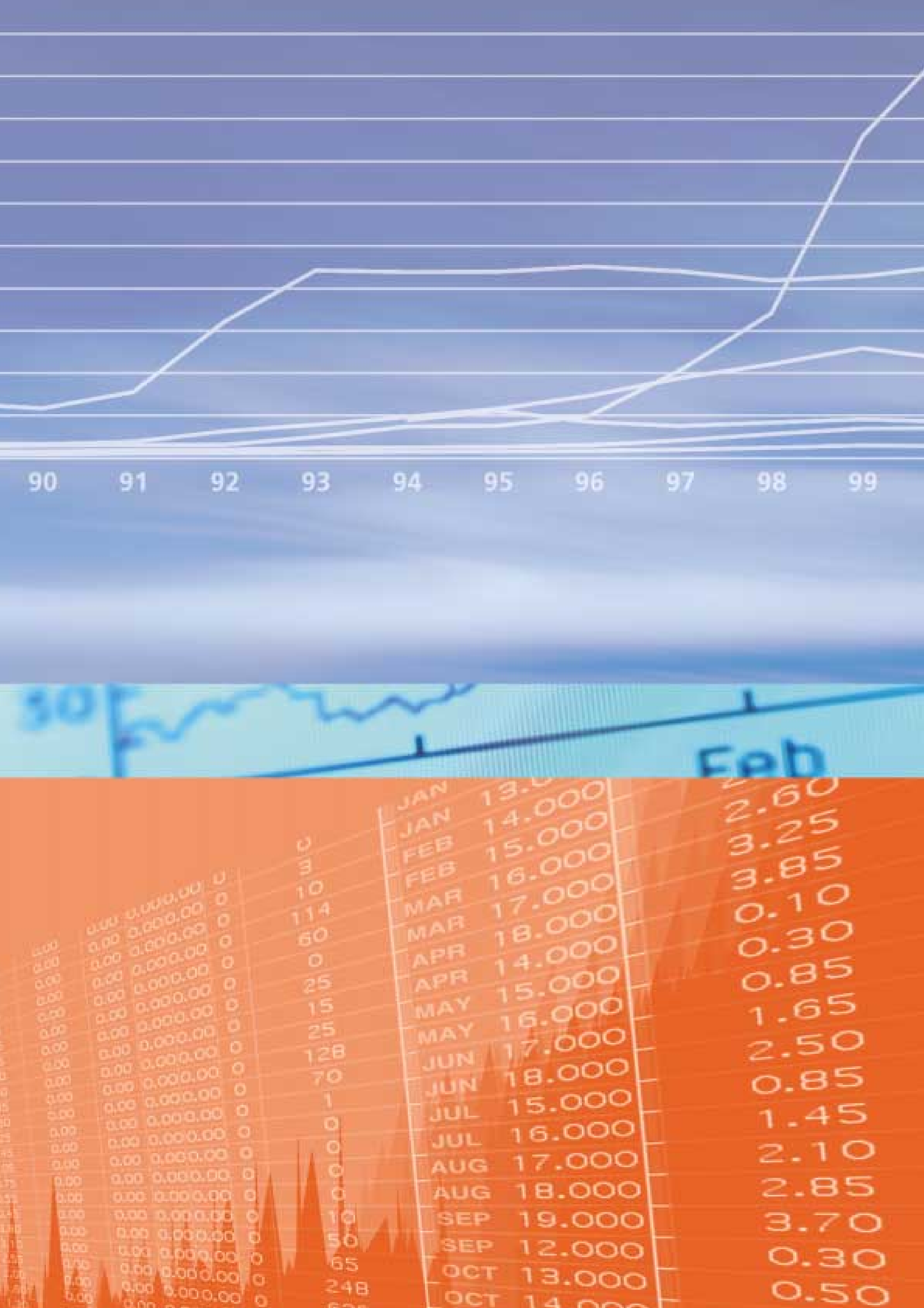
- Research managers are responsible for individual stock and corporate analyses, market and sector analyses as well as sector and maturity analyses.
- Alpha portfolio managers are responsible for drawing up and managing model portfolios. They are additionally responsible for their 1:1 implementation into the respective retail funds and complex special funds.
- Client portfolio managers implement model portfolios into client portfolios – special funds and own-brand funds of selected savings banks. They also act as expert contacts for clients and consult with them at investment committee meetings, in the event of portfolio changes and in other situations.
- Product specialists are in charge of product-based customer stewardship and care. They additionally act as a point of contact for overall fund-related issues, for example the legal and tax specifics of special funds.

By moving away from the traditional, “generalist” fund manager who accompanies a fund through all the above-listed stages to an area-driven process characterised by technical expertise within each individual process stage, we are striving for the quality enhancement we have placed at the heart of the Deka Investment mission statement. For our customers, this means a further improvement in the already superior quality of our investment fund range.

quality enhancement

These and other changes have been drawn up as a result of the year-long “Group Strategy” project. Some of the measures have already been implemented. Those that remain – the practical details of the new investment process, for example – will need to be fleshed out during 2002.

Our strategic review was by no means a unique project for DGZ·DekaBank. The board of management and senior executives will continue to address strategic review issues at regular intervals by asking: “Are we doing the right things?” and “Are we doing things right?”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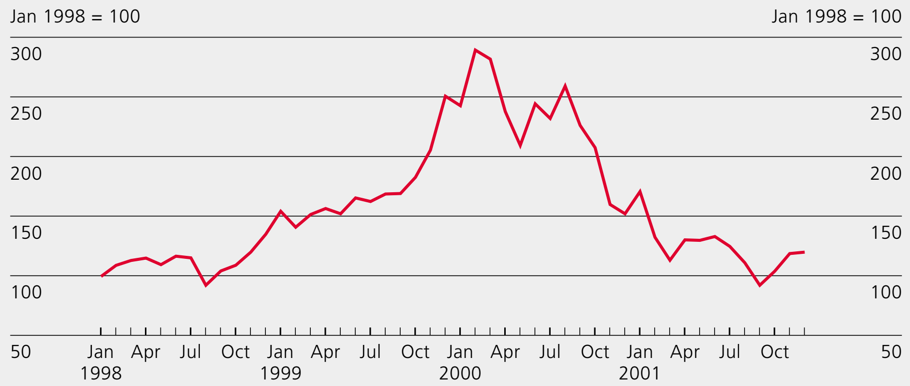
The Financial Year 2001

Essay: The Global Economy Under Exceptional Pressures

Seen from an overall economic viewpoint, 2001 was a remarkable year. Economies around the world were suffering from extreme adjustment pressures from various sources. The US economy in particular was still feeling the fallout from the bursting of the new economy bubble. The September 11 attacks on the World Trade Center in New York and the Pentagon in Washington as well as the subsequent military campaign in Afghanistan delivered a further shock to the world economy. Nevertheless, western economies remained robust in the face of such exceptional pressures.

NASDAQ*



* Composite Index. At month-end

NEMAX50*

* At month-end

Ever since March 2000, overheated technology stock prices on the high-tech new markets have been retreating worldwide. After falls averaging 50 per cent by the end of the year, prices continued their downward spiral in 2001 and by the end of 2001, tech stock indices were another 20 per cent below the levels seen at the beginning of the year. It was not until this year that the true extent of the collapse became clear. The vastly overvalued share prices of 1999 and 2000 had been part of the biggest equity bubble ever seen across such a broad market spectrum. Old economy stocks, in contrast, were far less severely affected. Nevertheless, the overall economy's need for adjustment, in real terms, to the changed yield prospects in new telecoms and technology segments was enormous. Beginning with production in technology sectors, production plans in manufacturing industries were slashed almost everywhere and inventories cut back. The result was a unparalleled drop in production: until December 2001, industrial production fell in 14 out of 15 months.

The reaction of economic policymakers was – reflecting the circumstances – equally exceptional. Since financial policy has traditionally played a smaller role in the US economy, it was the monetary policymakers who tried to stem falling demand by using all the means at their disposal. From 6.5 per cent at the beginning of the year, the Federal Reserve lowered its federal funds rate in eleven stages to 1.75 per cent by the end of the year. This monetary easing immediately led to a stabilisation of expectations. Although consumer and business sentiment levels dropped in the first half of the year, sentiment indicators stabilised by mid-year. Confidence in the effectiveness of monetary policy was also reflected in old economy shares prices – in contrast to the Nasdaq, the Dow Jones did not fall much lower than its 1999 and 2000 average.

eleven interest rate cuts in the US

subdued development in the eurozone

Developments in the eurozone took the same direction but were somewhat less severe in scope. The factors slowing economic momentum in Europe were less the collapse of the tech sector – which in the eurozone plays a smaller role in the economy than it does in the US – than the fall in export demand along with prospects of a US-fuelled global economic slowdown. However, by mid-year it was becoming increasingly clear in the eurozone too that a full-scale recession was not on the cards and that the economy would start to pick up again in the final months of 2001. This was reflected in one of the Ifo Institute's leading indicators of business sentiment – an especially forward-looking early indicator – which by the beginning of the year was starting to move upwards again. A contributing factor was that the price rises in many countries that had been triggered by the increase in crude oil prices did not last. In Europe, the second-round effects of the oil price rises had been further aggravated by increases in food prices after the Europe-wide outbreak of animal epidemics. The impact of these also weakened during the year, giving households more scope for additional spending.

Ifo differential indicator*

* Calculated from aggregate business expectations minus aggregate business situation in the commercial sector

Source of basic data: ifo

The September 11 attacks occurred during this period of early economic recovery. Their economic consequences, however, lay less in the immediate drop in production in the aftermath of the attacks. Although these were serious – consumer restraint, the breakdown of the civil aviation infrastructure for several days, the cancellation of major events, the interruption of financial market trading – experience has shown that the direct impact of such catastrophes are subsequently cushioned. Production gaps can be compensated for, demand gaps can be filled. What could not, however, be compensated for was the loss of confidence felt by consumers and investors. During the weeks following the dramatic events, the political consequences were unforeseeable. In this situation, investment plans were shelved and cost cutting programmes intensified. Some sectors such as aviation, energy and conference organisation were faced with a drastic rise in the costs of security checks involved in production. Consumers reacted to the political uncertainly by a temporary restraint in purchasing, in particular against a background of rising unemployment. Comparisons with similar international crises, such as the Gulf war in 1991, reveal that these phases of insecurity end after one or two quarters, insofar as no further escalation has occurred. During the Afghanistan conflict, a preliminary solution had arisen by mid-November once it had become clear that the immediate objective – the expulsion of the Taleban regime – would be achieved relatively quickly. As a result, early economic indicators subsequently improved towards the end of the year as did the results of consumer and business surveys.

terrorist attacks cause temporary uncertainty

The economic impact of the attacks was to postpone economic recovery by approximately one to two quarters. Hence the US was in a slight recession in the third quarter which in this case did not even satisfy the widely accepted definition of negative Gross Domestic Product (GDP) growth over two successive quarters. The eurozone was not as badly affected, with GDP falling less severely. Once the new political situation became clearer to companies and consumers, the economy began to follow its pre-September 11 direction once again. Part of the peace dividend which emerged from the fall of communism at the beginning of the 1990s has, however, run its course. This means that national longterm growth targets will be a little less bold.

Last year's strains on the world economy also came from other sources. Despite a change of government and an announced programme of reforms in Japan, there is as yet no sign of improvement in the country's decade-long structural crisis. On the contrary: overall demand has continued to decline, prices are still falling and expectations of deflation are increasingly widespread. Japan's central bank has not been able to bring itself to adopt exceptional – e.g. reinflationary – measures for which, in its defence, there is no historical precedence. In spite of the steadily worsening economic situation there, the ramifications for the global economy seem, from a current point of view, to be within acceptable limits.

Equally, the recent turbulence which occurred in certain emerging market countries did not trigger the worldwide contagion it would automatically have led to in the past. Both in Turkey and Argentina, an unsustainable domestic economic scenario meant that foreign debt could no longer be properly serviced.

increasing differentiation for emerging markets

However, in contrast to earlier emerging market bond repayment crises, the pressure on securities and foreign exchange rates did not spread to other regions. Investors on capital markets are increasingly differentiating between individual countries and regions. DGZ·DekaBank lays great emphasis on emerging market research. The Deka Country Risk Indicator (DCRI) makes it possible to identify country risks at an early stage and to wind down our commitments well ahead of critical developments.

The events of the past year called for huge adjustments to be made by economies worldwide. Production capacities in business segments whose sales prospects had deteriorated enormously had to be reduced, and employees transferred from these segments and integrated into other sectors. Market economies are well prepared for restructuring of this kind: this type of adjustment activity was particularly visible in the US last year. The large-scale job losses, a factor dominating business news in 2001, demand a high degree of flexibility from employees, yet they ensure that old and unprofitable structures do not become entrenched and hence provide the basis for economic recovery. Along with many new economy companies, financial services companies were also affected. DGZ·DekaBank, however, succeeded in ensuring continuity in this environment: fluctuations in fund inflows and order volume were cushioned internally.

Despite the turbulence that affected a number of market segments, bond and equity market players tended to keep their cool. From September, investors on bond markets were increasingly prepared for a worldwide recession. This was reflected in falling yields which came close to the levels last seen after the Asian financial crisis. By November, however, increasingly optimistic signals were registered by market players which soon prompted an interest rate turnaround on bond markets. In view of the enormous adjustments made this year, the foundation now seems to be laid for a normalisation of economic and market developments in the coming quarters.

encouraging outlook

Group Management Report and Management Report of DGZ·DekaBank Deutsche Kommunalbank for 2001

2001 delivered a series of negative surprises to the economy: severe inventory adjustments worldwide in the manufacturing sector, repeated price shocks (oil prices, food prices) in the first half of the year and the political upheavals of September combined to remove any hopes of an economic upswing. As a result, equity markets continued to see price corrections, above all in the new technologies segment. Bond markets responded to the gloomy macroeconomic environment with further price rises. Towards the end of the year, however, early economic indicators signalled an end to the negative factors. At the macro-level, there were increased signs of real economic stabilisation whereas at the corporate level, there was continued scepticism about the prospects of recovery, in particular with regard to earnings. Today, however, several factors suggest that the fears of recession in recent months were exaggerated.

Business Review

Overview

total assets in excess of €80 billion

Business volume for DGZ·DekaBank Group was up €6.1 billion (7.7 per cent) to €86.4 billion compared with the previous year. Group balance sheet total, up €4.7 billion (6.1 per cent) to €81.4 billion in the same period, was derived mainly from DGZ·DekaBank (€74.4bn). The volume growth was largely due to a rise in customer loans and liabilities, an increase in the securities portfolio and the purchase of the Trianon building in Frankfurt/Main on 1 June 2001.

Despite turbulent markets, Group fund assets[1] remained virtually constant at year-end 2001. At €133.5 billion, the total volume of mutual and special funds was minimally below the comparative total for the previous year of €134.3 billion. Net inflows[1] for Deka Group did not match the previous year's record of €22.9 billion and totalled €12.5 billion in 2001.

[1] Excluding deposits and borrowed funds and liquidity portion of funds of funds as well as fund-based asset management

Lending volume

Group lending volume was derived largely from DGZ·DekaBank and to a small extent from Deutsche Girozentrale International S. A. (since 1 January 2002 DekaBank Deutsche Girozentrale Luxembourg S. A.). Lending volume as at 31 December 2001 was up by €2.0 billion over the previous year to €47.3 billion, with growth recorded in both interbank business and loans to customers. Loans to banks grew by €1.2 billion to €25.6 billion; loans to customers were up by €1.4 billion to €18.8 billion. The volume of bill guarantees, at €0.9 billion, was slightly down, with irrevocable lending commitments declining to €2.0 billion. Domestic customers accounted for 84 per cent of total lending volume.

Lending volume

	2001	2000	Change	
	€m	€m	€m	%
Due from banks	25,641	24,401	1,240	5
Due from customers	18,784	17,387	1,397	8
Contingent liabilities	886	1,002	-116	-12
Irrevocable lending commitments	1,972	2,536	-564	-22
Total	**47,283**	**45,326**	**1,957**	**4**

Securities portfolio

At year-end 2001, 90 per cent of DGZ·DekaBank Group's securities position – valued at €23.4 billion – was invested in fixed-income securities and 10 per cent in investment fund units. More than 90 per cent (€21.8bn) of the total securities portfolio was accounted for by DGZ·DekaBank.

At the balance sheet date, a securities volume of €21.4 billion was allocated to the liquidity reserve, €1.9 billion was for own account trading and €0.1 billion was available for longterm operating purposes.

Money market activities

More than 60 per cent of loans by DGZ·DekaBank Group, amounting to €13.2 billion – up by €1.8 billion over the previous year – was accounted for by domestic and international banks. Compared with the previous year, however, loans to banks were down by one-fifth in favour of non-banks. Additionally, irrevocable lending commitments amounting to €2.1 billion were attributed to money market activities for reporting date purposes.

Funding

Money market funding operations amounted to €24.3 billion (previous year: €25.2bn), of which 82 per cent was generated from deposits from banks.

At year-end 2001, we raised €11.9 billion through liabilities to banks and €14.7 billion through liabilities to customers. Funding via customer deposits was significantly higher – up by €4.0 billion (38 per cent) – compared with the previous year, with growth largely accounted for by deposits with a residual maturity of up to three months.

In addition, own issuance (bearer securities) increased by €2.1 billion to €27.1 billion. Along with registered debentures, total volume amounted to €44.7 billion. Sales of own issues amounted to €11.0 billion in 2001, of which €7.7 billion consisted of bonds, €2.0 billion of registered securities and €1.3 billion of borrower's note loans. Redemptions amounted to €8.2 billion.

Holdings

In 2001, DGZ·DekaBank took a €28.4 million stake in a capital increase of SOB Beteiligungs GmbH & Co. KG (SOB), Frankfurt/Main, for the operation of a joint online broker for the savings banks organisation (S Broker AG). The holding currently stands at 25.1 per cent. In line with accounting regulations, the €38.5 million book value of the holding was written down at year-end 2001 in the amount of €10.7 million.

A joint venture with the association of public sector insurers (Verband öffentlicher Versicherer) to offer occupational pension provision was established in December 2001. Both sides have a €15 million respective share in the Gesellschaft für betriebliche Altersversorgung der Sparkassen-Finanzgruppe mbH, Düsseldorf. This acts as an intermediate holding company for its pension subsidiaries S Pensionsfonds AG and S Pensionskasse AG to launch a variety of occupational pension plans.

Off-balance-sheet transactions

The volume of pending transactions amounted to €58.8 billion (previous year: €40.6bn) at 31 December 2001. These were mainly accounted for by financial swaps and forward exchange transactions intended primarily to hedge balance-sheet positions. At the balance sheet date 2001, replacement costs totalled €1.0 billion, 80 per cent of which were accounted for by interest rate risks. Counterparties for derivatives transactions were almost exclusively OECD banks.

Investment fund business

Net inflows[2] amounted to €12.5 billion at year-end 2001 for DGZ·DekaBank Group. Of this, €8.2 billion was invested in mutual funds and €4.3 billion in special funds. New business thus did not match 2000's record figure of €22.9 billion.

Despite the tight economic environment, net inflows into mutual funds, at around €6.3 billion, were almost twice as high as in 1998. Money market funds found particular favour, with net inflows of €5.0 billion and customers showing a clear preference for German funds. Equity funds recorded net inflows of close to €2.0 billion, with investors focusing mainly on global funds. Mixed funds, AS (retirement plan) funds and other mutual funds also registered inflows totalling €0.3 billion. European bond funds posted net inflows of €1.5 billion. Overall, however, bond funds recorded net outflows of €1.1 billion.

high inflows into money market funds

Total fund assets under management[2] amounted to €133.5 billion at year-end 2001, marginally below the previous year's figure of €134.3 billion. Of mutual fund assets totalling €71.9 billion, close to €40.0 billion was accounted for by equity funds, €21.7 billion by bond funds, €9.0 billion by money market funds and €1.2 billion by mixed funds, AS and other mutual funds.

The open-end property funds of Deka Immobilien Investment GmbH posted excellent results in the year under review. After net outflows of €1.5 billion in the previous year, net sales in 2001 amounted to €2.0 billion. Property fund assets totalled €13.1 billion at year-end 2001, topping the previous year's total by €2.2 billion.

Special funds for institutional investors registered net inflows of €4.3 billion (previous year: €5.6bn), of which €4.1 billion were securities-focused and €0.1 billion property-focused. In the year under review, total special fund assets, at €48.5 billion, were €0.8 billion higher than the previous year's figure of €47.7 billion.

The volume of our fund of funds vehicles – funds whose assets are invested in other funds – registered a slight rise over the previous year, to €13.3 billion. With a market share of 50 per cent, DGZ·DekaBank is the undisputed leader in this segment. Market specifics kept net inflows of around €2.0 billion below the 2000 figure. The proportion of proprietary funds in the funds of funds was 82 per cent at year-end 2001, with the remainder, consisting of external and partner funds plus liquidity portion, amounting to 18 per cent of total fund assets.

clear market leadership in funds of funds

[2] Excluding deposits and borrowed funds and liquidity portion of funds of funds as well as fund-based asset management

We plan to extend our current partnerships with international investment houses J.P. Morgan Investment Management (London/New York/Frankfurt), Swissca Holding AG (Berne) and Lombard Odier & Cie (Geneva) to include other investment fund providers: introducing an open architecture will enable us to offer our customers carefully selected third-party funds alongside our own funds, in particular within the framework of fund-based asset management as well as funds of funds.

Fund assets *

	2001	2000	Change	
	€m	€m	€m	%
Retail funds	**84,984**	**86,664**	**-1,680**	**-2**
Mutual funds	71,925	75,762	-3,837	-5
Equity funds	39,959	48,690	-8,731	-18
Bond funds	21,765	22,294	-529	-2
Money market funds	9,043	3,851	5,192	135
Mixed funds	735	695	40	6
AS funds	228	232	-4	-2
Other	195	–	195	–
Property funds	13,059	10,902	2,157	20
Special funds	**48,515**	**47,655**	**860**	**2**
Mutual funds	47,940	47,226	714	2
Property funds	575	429	146	34
Total	**133,499**	**134,319**	**-820**	**-1**

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

Net inflows *

	2001	2000	Change	
	€m	€m	€m	%
Retail funds	**8,224**	**17,329**	**-9,105**	**-53**
Mutual funds	6,249	18,847	-12,598	-67
Equity funds	1,977	18,710	-16,733	-89
Bond funds	-1,110	652	-1,762	–
Money market funds	5,050	-432	5,482	–
Mixed funds	92	-175	267	–
AS funds	45	92	-47	-51
Other	195	–	195	–
Property funds	1,975	-1,518	3,493	–
Special funds	**4,252**	**5,560**	**-1,308**	**-24**
Mutual funds	4,117	5,381	-1,264	-23
Property funds	135	179	-44	-25
Total	**12,476**	**22,889**	**-10,413**	**-45**

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

Custody

custody accounts top the 5 million mark

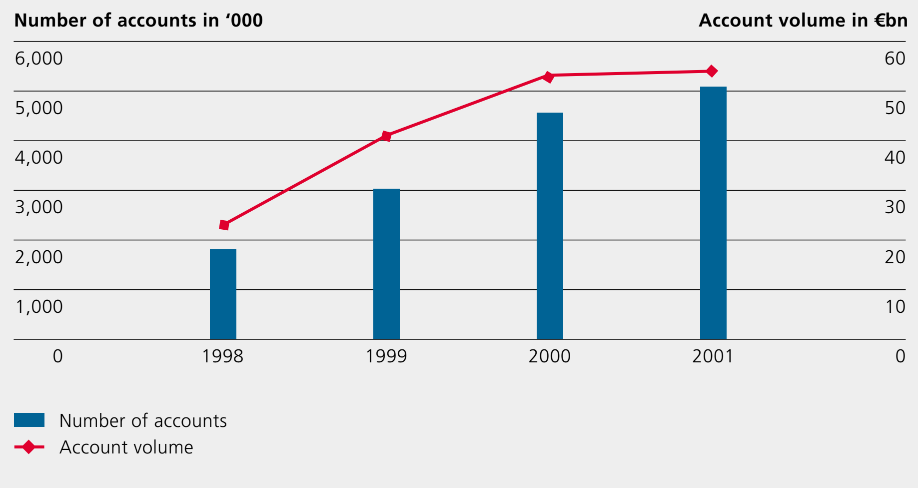
At year-end 2001, the number of active custodial accounts managed by DGZ·DekaBank Group rose to 5.1 million, an increase of more than 500,000 (12 per cent) over the previous year. Domestic business saw the biggest growth but international accounts were also up by 10 per cent.

Around 95 per cent of all accounts were managed in Frankfurt/Main by DGZ·DekaBank, with 5 per cent managed by our subsidiaries in Luxembourg and Switzerland.

The number of new VL accounts (government-backed asset-creation schemes) was up by 13 per cent to 1.6 million over the previous year. Our fund-based asset management segment registered a 12 per cent increase in business, with the number of accounts rising to just under 239,000.

Despite the difficult market environment resulting from weak equity markets, the volume of assets managed Group-wide was slightly up compared with the previous year and totalled €54 billion, an increase of 2 per cent. "Traditional" accounts contained more than €44 billion at year-end and fund-based asset management €9 billion. The volume of VL (government-backed asset creation) and AS (retirement plan) accounts totalled more than €1 billion at year-end. Total account volume in Germany exceeded €42 billion and account volume abroad €11 billion.

Total custody



Capital and reserves

The capital base at Bank and Group level was further strengthened through the issue of subordinated liabilities amounting to a nominal €40 million. At year-end 2001, the capital and reserves of DGZ·DekaBank Group amounted to €2 billion, of which €1 billion was composed of core capital and €1 billion of supplementary capital. Available Tier III funds for DGZ·DekaBank amounted to €8 million at year-end 2001.

The capital adequacy regulations on capital and liquidity were complied with at all times by the Group and the Bank in the period under review.

Capital and reserves

	Group		Bank	
	2001	2000	2001	2000
	€m	€m	€m	€m
Core capital	1,077	1,030	903	825
Supplementary capital	1,016	1,009	903	825
Tier III funds	–	–	8	22
Capital and reserves	**2,093**	**2,039**	**1,814**	**1,672**
Capital ratio according to Principle I (in %)	**9.9**	**11.7**	**9.5**	**10.6**
Total ratio according to Principle I (in %)	**9.5**	**11.3**	**9.2**	**10.4**

Earnings

Group operating income – the sum of interest income and commission income, trading and other operating income – topped the previous year's high level by a further 2 per cent.

Net interest income rose by 3 per cent to €262 million. Due to the Group's expansion, Group income from holdings contained in the interest income was up by €2 million to €4 million.

interest and commission income up

Net commission income was up 2 per cent to €729 million, the largest portion of which – €598 million, more than 80 per cent – was generated by fund business (previous year: €594m). €131 million was derived from traditional banking activities. In contrast to the Group, net commission income for DGZ·DekaBank fell year-on-year by €13 million to €81 million. This was largely due to the decline in the securities business resulting from weak markets fuelling a difficult market environment.

Based on the observation of the imparity principle, trading income was down by €22 million to €16 million.

Operating expenses rose by €91 million (15 per cent) to €709 million compared with the previous year. The increase in fixed costs was mainly due to higher investment costs resulting from the pursuit of key strategic measures, above all location costs and costs related to the expansion of our custody business and e-services. The 10 per cent increase in staff costs on €234 million was mainly driven by a growth in staff numbers in the past two years.

The special item with partial reserve character, set up in the 1999 business year in connection with the tax-related increased valuation provision, was dissolved in the year under review at a value of €36 million (previous year: €34m). €21 million was accounted for by lending claims and €15 million by securities.

Taking into account the valuation result in the lending, securities and holding business as well as risk provisions totalling €+6 million (previous year: €-19m), Group operating income amounted to €354 million, €47 million (12 per cent) lower than the previous year's income.

Extraordinary income of €15 million is mainly due to the dissolution of loan loss provisions. Income for the previous year (€8m) was impacted by expenses in connection with the Foundation "Remembrance, Responsibility and the Future" for former forced labourers under the Nazi regime amounting to €6 million.

After deducting interest payments of €28 million (as in the previous year) on subordinated liabilities and income taxes of €151 million (previous year: €154m), Group net income after taxes amounted to €191 million (previous year: €227m).

Earnings

	2001	2000	Change	
	€m	€m	€m	%
Net interest income	262	254	8	3
Net commission income	729	718	11	2
Trading income	16	38	-22	-58
Administrative expenses	646	571	75	13
Provision for risk/valuation	6	-19	25	–
Income taxes	151	154	-3	-2
Net income after taxes	191	227	-36	-16

Risk report

1. Risk management principles

The professional management and timely monitoring of all risks are key to DGZ·DekaBank's success. DGZ·DekaBank responds to this challenge through the ongoing review and development of its risk management policies. We view risk management not merely as a passive means of identifying and measuring risk but as an opportunity to achieve a sustained improvement in our competitive position through its active deployment as a business policy instrument.

The key objective of our risk measurement and management system is the comparability of all risks as the basis for a risk/return-driven risk management and the optimisation of capital allocation.

2. Organisation of risk management

Risk management – the active management of an organisation's risk position – is the responsibility of the Board of Management, the Asset and Liability Management Committee, the Credit Risk Management division and the Trading/Treasury division.

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 Board also determines strategy on the Group-wide approach to operating risks.

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

The Credit Risk Management division, as the central risk unit for the development and implementation of a uniform credit policy, is responsible for all risk-relevant activities in our lending segment. These include analysing risks, setting credit ratings and drawing up decision-making parameters. It also encompasses the loan portfolio management unit in order to ensure that the overall risk situation in our lending segment is managed centrally within the framework laid down by the Board.

The Asset and Liability Management Committee lays down guidelines for the management of the strategic market risk position within the limits determined by the Board. Implementation is the responsibility of Treasury.

3. Risk control

Our risk control department aims to develop a standardised and closed system to measure and monitor market, default and liquidity risks as well as operating risks associated with the Group's business activities.

Risk categories

Other risks	Default risk	Market risk
Operating risk	Borrower risk	Interest rate risk
Business risk	Issuer risk	Share price risk
Strategic risk	Advance performance risk	Currency risk
	Replacement risk	Commodity price risk
	Country risk	Market liquidity risk
	Holding risk	

The unit draws up and fine-tunes risk management processes for all risk categories. It analyses and quantifies the Bank's risks, monitors the limits approved by the Board and is responsible for reporting the risk ratios to the Board and the relevant operating divisions. It also supports the Board during the capital allocation decision-making process by monitoring the Bank's risk capacity.

The department is both organisationally and procedurally fully independent from position-taking functions and policy-making divisions.

4. Internal audit

The internal audit department is an independent unit within a Board-approved audit programme which monitors both the suitability and effectiveness of risk management processes as well as compliance with internal and external procedures. The most important audit areas are the limit system, the determination and co-ordination of positions and results, IT systems changes, in-house reporting, segregation of functions and duties, market-compatible conditions and also confirmation and counter-confirmation. The written results of the audits are presented to the Management Board and the division heads.

5. Market risk

Market risk is understood to mean any economic loss arising from future market price fluctuations.

DGZ·DekaBank undertakes interest rate, share price and exchange rate risks as well as the respective option risks these involve.

The biggest 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. Share price risks are undertaken by Treasury exclusively through special fund mandates or short term start financing for mutual funds. The share price risks in trading operations are traditionally extremely low.

Internal market risk calculation

multi-procedural risk identification

DGZ·DekaBank calculates risk figures using scenario analyses, the scenario matrix method and value at risk (VAR). The measurement, limiting, monitoring and reporting of the resulting risk figures are determined by the portfolio hierarchy reflecting the Bank's lines of responsibility. In addition to limiting risk positions, stop-loss limits are established to effectively limit losses. Limit levels are calculated on the basis of the current operating result for the year.

Scenario analysis

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. Interest rate risks are calculated using a percentage shift of 100 basis points up and down of the current currency and segment specific yield curve. Currency risks are calculated using a percentage shift of each individual exchange rate against the euro of 5 per cent. For share price risk, a hypothetical price fluctuation of 20 per cent on the net position is calculated for the trading book, while a 10 per cent fluctuation is used for the Treasury portfolio in view of its extremely high degree of diversification.

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 comprise market and portfolio-oriented stress testing. Market-oriented stress tests are based on historical interest rate movements. In addition to analysing the effects of classic parallel shifts, the tests include an inversion of the yield curve as well as tilts and twists. Portfolio-oriented stress tests, in contrast, focus more on the current positioning in the analysed portfolio.

Working on the basis of current interest rate expectations, we additionally analyse, together with the economics department, the concrete impact on results given the current positioning.

Scenario matrix procedure

DGZ·DekaBank uses option risks to a very limited extent only. Active currency and bond positions are held 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. In the case of currency options, these are volatility and exchange rate, for bond options volatility and the yield change of the respective bond. The matrix boundaries are regularly adjusted to the current fluctuation intensities of the underlying parameters.

Value at Risk

Value at risk (VAR) for linear risks is calculated daily at Group level on a variance/covariance basis and uses exponentially weighted historical movements in market rates and prices, taking account of volatilities and correlations between different markets and rates. Data from the more recent past have a higher weighting for risk identification purposes. The clear advantage of exponential weighting lies in the extremely close link it creates with current market developments. Shocks have an extremely high weighting for the identification of volatilities and trigger a direct jump in volatility and hence to an increase in the risk factors.

integration of latest market developments

In accordance with the different risk categories, VAR is calculated for interest rate, share price and exchange rate risks respectively and correlated with portfolio-specific limits. A worst case scenario is used to simulate the overall risk position. This means that taking account of correlations by circumventing the individual risk categories does not occur.

Depending on the different liquidation or decision periods, Treasury VAR is calculated for a 10-day holding period, Trading VAR for a one-day holding period and both for a 95 per cent confidence level. VAR calculated on this basis identifies the maximum potential loss on a risk position over a time horizon of 1 or 10 trading days and a probability level of 95 per cent.

Market risk developments 2001

Overall outlook

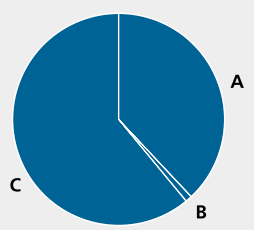
The following chart shows current VAR for the Group according to interest rate, share price and currency risk:

Value at Risk for DGZ·DekaBank Group*

	Holding period	Year-end 2001 €m	Average 2001 €m	Year-end 2000 €m
Interest rate risk				
Trading operations	1 day	2.98	2.18	0.89
Treasury	10 days	39.38	29.51	16.99
DGZ·DekaBank Group	10 days	48.68	36.40	19.48
Share price risk				
Trading operations	1 day	0.25	0.27	0.16
Treasury	10 days	29.87	31.63	18.50
DGZ·DekaBank Group	10 days	30.60	32.37	18.90
Currency risk				
Trading operations	1 day	0.10	0.84	0.12
Treasury	10 days	0.98	1.32	1.42
DGZ·DekaBank Group	10 days	1.02	1.82	1.21

* All VAR was calculated on the basis of parameters used for internal risk calculation

Ratio of risk types – Group at 31 December 2001

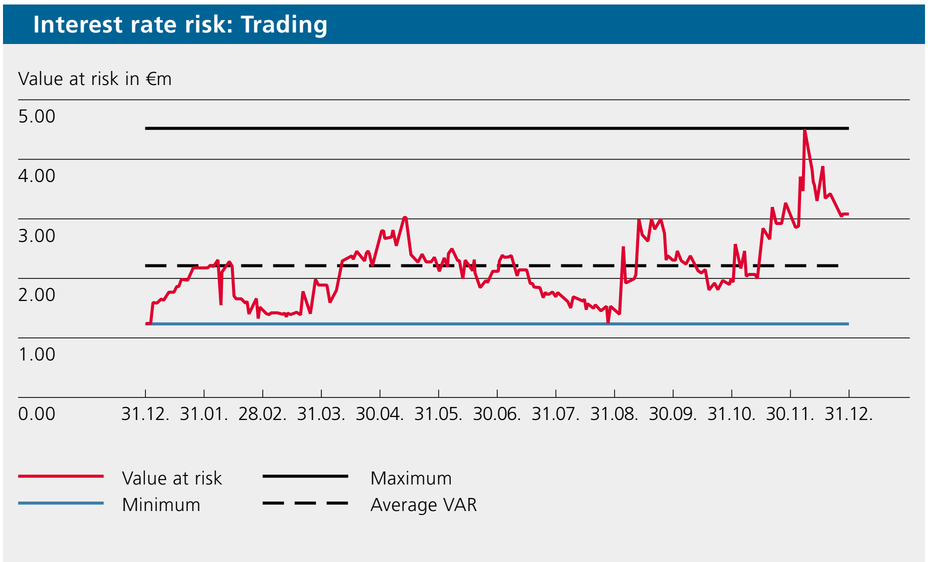


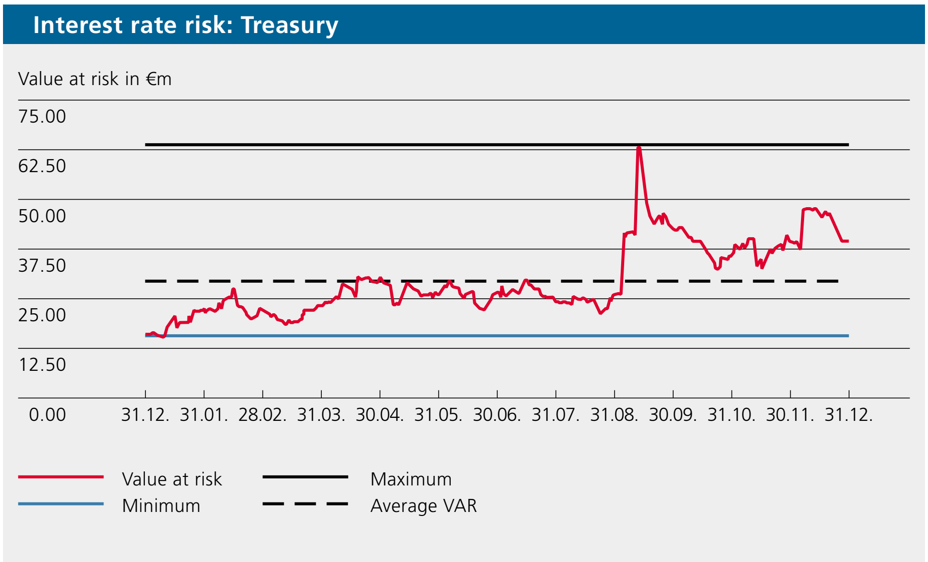
A Share price risk 38%
B Currency risk 1%
C Interest rate risk 61%

Broken down by risk type, 60.6 per cent (at a holding period of 10 days) of Group-wide market risk (€48.7m) at year-end 2001 was accounted for by interest rate risks, with the primary focus on medium-dated yields. Share price risks, at €30.6 million, accounted for 38.1 per cent and currency risks, at €1 million, for the remaining 1.3 per cent. Share price risks resulted largely from special fund activities.

Interest rate risk

Compared with year-end 2000, interest rate risks rose by €29.2 million Group-wide. This is largely due to the considerably higher volatilities last year. As the yield curve rose and interest rates fell, a large number of new positions, above all in medium-dated yields (2-5 years), were undertaken until the fourth quarter. Due to the risk of an interest rate trend change, the risk position in the fourth quarter was considerably wound down. The position changes were accompanied by a sharp rise in volatilities, especially in the medium-dated range. In the course of the year, volatilities almost doubled. The following two charts show the interest rate risk for trading operations and for Treasury during 2001.





The lines through the minimum and maximum value at risk show the range and distribution of the risk. The interest rate risk on trading positions based on VAR lay between €1.2 million and €4.5 million, and on Treasury positions between €15 million and €63 million.

Share price risk

Our share price risks rose by a total of €11.7 million compared with year-end 2000. The increase in the Group-wide share price risk during the year was mainly due to short term start financing for new mutual fund launches. This was exacerbated by somewhat higher volatilities year-on-year.

Exchange rate risk

The exchange rate risk remained virtually unchanged, at an extremely low level throughout the past year.

6. Default risk

DGZ·DekaBank is exposed to default risk whenever business losses are incurred from the reduced credit standing or even total default of a counterparty. The Bank 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. Default risk breaks down into replacement risk, credit risk and holding risk. Credit risk breaks down further into borrower risk, issuer risk and advance performance risk.

internal standards for enhanced risk cover

Monitoring default risk

Substantial investment in infrastructure was made in the year under review. Our exposure to all default risks is thus monitored Group-wide on a daily basis using market values. Our exposure reports are drawn up at borrower level, taking into account all business types. Default risk limits are set at this level by the Board and monitored daily by our risk control department. Lending commitments not based on the counterparty's credit rating but on cash flow or property value are monitored at a case by case level.

Portfolio analysis

Alongside the daily calculation of our default risk position, we also regularly analyse and assess the credit portfolio. This is done using the credit portfolio view model and based on value at risk, which identifies the maximum negative deviation from the anticipated loss for a holding period of one year and a 99 per cent probability level. The portfolio assessment calculates the average default ratio per rating class as well as the migration probabilities. We additionally apply Monte Carlo simulations to assess sector-specific risk factors.

Lending liability

The Group's lending liability for traditional loans amounted to €47.3 billion at year-end 2001. For acute default risks (i.e. loans with temporary non-performance), individual value adjustments were made of €295.1 million (previous year: €226.1m).

Lending liability and value adjustments

	Liability	Value adjustment
	€m	€m
Due from banks	25,641	0
Due from customers	18,784	242.1
Contingent liabilities	886	39.3
Irrevocable lending commitments	1,972	13.7
Total	**47,283**	**295.1**

In addition, general value adjustments amounting to €17.4 million have been made for latent default risks. The figure is based on the average default ratio over the previous five years.

At year-end 2001, adequate precautionary reserves had been made on loans to customers and banks in accordance with Section 340 f of the German Commercial Code (HGB), to cover lending-specific risks.

The Group's lending liability for traditional loans breaks down by sector as follows:

Lending liability by sector (lending business)

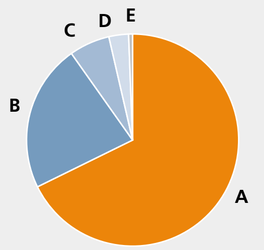
	%
Domestic public-sector banks	42.5
Federal government, states and municipalities	23.4
Foreign banks and corporates	12.6
Domestic corporates	11.1
Domestic private banks	7.3
Other (e.g. private individuals)	3.1

Country risk

Alongside counterparty risks specific to individual borrowers, the Bank is also exposed to country risk. This is the risk of default of all borrowers in a country considered at risk independent of their individual economic situation, in particular the political risk of the introduction of a moratorium on payments by such a country.

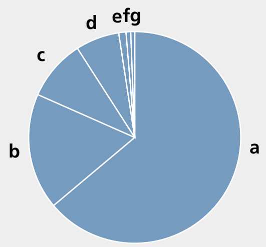
The Group's total country risk (total lending liability minus first-class guarantees such as federal government guarantees and export credit guarantees) amounted to €13.9 billion at year-end 2001. The following charts illustrate dispersion according to country categories and individual countries.

Distribution of country risk by category



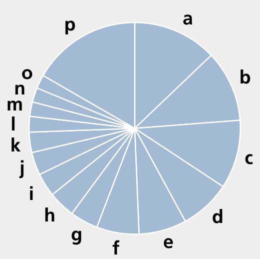
A	EU countries	67.8%
B	Industrialised countries	22.5%
C	Developing countries	6.2%
D	Reform countries	3.0%
E	International organisations	0.6%

Breakdown of risk in industrialised countries



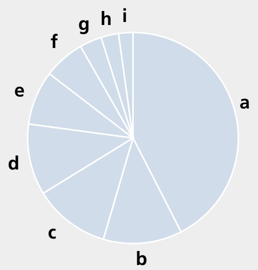
a	USA	63.3%
b	Switzerland	17.6%
c	Norway	9.2%
d	Canada	6.6%
e	Australia	1.1%
f	Turkey	0.7%
g	Other	0.6%

Breakdown of risk in developing countries



a	Cayman Islands	12.9%
b	South Africa	10.9%
c	United Arab Emirates	10.5%
d	Thailand	7.8%
e	Republic of Korea (formerly South Korea)	7.3%
f	Chile	6.5%
g	Cyprus	4.3%
h	Netherlands Antilles	4.1%
i	Bermuda	3.6%
j	Saudi-Arabia	3.5%
k	Qatar	3.1%
l	Ghana	2.4%
m	Venezuela	2.2%
n	Iran	2.2%
o	Singapore	2.1%
p	Other	16.7%

Breakdown of risk in reform countries



a	Russia	42.5%
b	Czech Republic	12.1%
c	Hungary	11.7%
d	Bulgaria	10.9%
e	Slovenia	8.3%
f	China	6.3%
g	Croatia	3.4%
h	ex-Yugoslavia	2.7%
i	Other	2.2%

All countries with considerable country risk belong to the group of reform and developing nations, with the exception of the industrialised country of Turkey. To take account of our exposure in risk countries, we made the following country value adjustments amounting to €173 million at year-end 2001:

Country risk and value adjustments

	Country risk	Value adjustment
	€m	€m
Algeria	1	1
Argentina	1	1
Bosnia	2	2
Brazil	15	2
Bulgaria	45	31
Croatia	14	8
Ex-Yugoslavia	11	11
Macedonia	2	2
Nigeria	1	1
Poland	2	1
Russia	175	85
Slovenia	34	1
South Korea	63	11
Thailand	67	6
Turkey	21	10
Total	**454**	**173**

7. Contingency planning/business continuity planning

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

Premises-related failure or loss

To ensure against the loss or failure of premises, DGZ·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 sites which are located in the Frankfurt area – 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

Due to our expansion into new business areas and the IT costs and technological upgradings this involves, our measures for the immediate re-start of non-operational IT systems were systematically monitored. This involved the registration of all systems with regard to systems safety. Our host server has been decentralised and an external partner brought in for backup purposes in the event of an IT systems failure. In-house, all IT systems are backed up via decentralised backup servers.

Organisation – Business Continuity Planning

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. Failure reports, where serious, 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 contingency and for ensuring the continued smooth functioning of operational processes.

8. Operating risks

Operating risks are all risks involving general business operations arising from external events, defective processes or human and technical failure.

Classification and differentiation

In 2001, we began the development of a dedicated system for the identification, measurement and management of operating risks. Operating risks at DGZ·DekaBank are categorised according to cause. The following mutually exclusive categories are used:

Technology

Losses caused by the failure or inappropriateness of IT systems, communications systems or infrastructure (e.g. hardware or software failure, network failure, insufficient systems performance, failure of telephone systems, failure of lifts on our premises),

Employees
Losses arising from employee errors, inadequate employee equipment (quantitative and qualitative) or criminal acts by employees (e.g. erroneous systems input, misunderstandings, insider trading, money laundering, inadequate skills due to poor training, work overload),

Internal procedures
Losses arising from defects in organisational structure, in project management, in internal communications or through inappropriate methods and models (e.g. a lack of liaison between departments, ignorance of office instructions, unclear lines of responsibility),

External factors
Losses arising from natural disasters, dependence on suppliers and service providers, political factors or external crime (e.g. storm damage, being let down by an important supplier, poor quality of external service providers, changes in legislation/tax regulations, general strike).

Operating risks by class

Technology	Staff	Internal procedures	External factors
IT applications	Human capital	Processes	Disasters
IT infrastructure	Unauthorised acts	Organisational structure	Criminal acts
Other infrastructure	Processing errors	Methods and models	Service providers and suppliers
		Projects	Political/legal framework

Legal risk is contained in this causal classification system, since this potential source of damage is viewed as a secondary risk. Reputational risk is also defined as an operating risk as DGZ·DekaBank, as a result of its specific business activities, assigns a potentially high significance to this form of risk. Reputational risks are listed as secondary risks and are – in contrast to the definition by the Basel Committee on Banking Supervision – implicitly contained in the definition of operating risks.

Risk inventory

We have drawn up a risk map for the systematic identification of operating risks aimed at providing an overview of DGZ·DekaBank's main potential operating risks. The Group-wide risk map summarises the risk maps of all the individual business segments. The segment specific operating risks have been collated and assessed according to business processes. The data collection is based on self-assessment. The basis of the risk assessment are the annual potential losses of the recorded damage scenarios.

Process model: operating risks

Framework guidelines

A guideline for dealing with operating risks, which details the uniform Group approach and the necessary framework conditions for operating risks, has been drawn up and approved by the Board. The guideline considers the following aspects in particular:

- The definition, differentiation and categorisation of operating risks,
- Assessment criteria and methods applied,
- General aspects of the management process for operating risks,
- Tasks, lines of responsibility and competencies.

Lines of responsibility

Responsibility for the management of operating risks is held by the heads of the Group units within the framework laid down by the Board. They are above all responsible for deciding whether the operating risks in their respective units should be accepted, reduced, transferred or avoided. The drawing up of appropriate risk-reducing measures is also decentralised.

Our risk control department develops tools to manage these risks and puts them at the disposal of the organisational units. Risk control is also responsible for the harmonisation and appropriateness of Group-wide terminology and procedures, for implementing the systems and for reporting regularly to the Board and senior management.

Group audit is responsible for independently monitoring the correct implementation and execution of methods and procedures within the Group.

Guarantee obligation and maintenance obligation

In the understanding agreed with the European Commission on 17 July 2001, the German government undertook to abolish the guarantee obligation (Gewährträgerhaftung) and to replace the maintenance obligation (Anstaltslast) assumed by the public sector (e.g. municipality, city, district or state) for public sector banking institutions. This will also affect DGZ·DekaBank. The German Savings Banks and Giro Association (DSGV ö.K.) and the landesbanks listed in Section 2 para. 1 of its statutes will as a result renounce their guarantee obligation for DGZ·DekaBank. The liability of the guarantors and of others listed in the statutes will in the future be restricted to the capital requirements as listed therein. The guarantee obligation will be abolished with effect from 19 July 2005. For liabilities created by DGZ·DekaBank in the transitional period between 19 July 2001 and 18 July 2005, the guarantee obligation applies on condition that its date of maturity does not fall after 31 December 2015. For existing liabilities contracted before 18 July 2001, the guarantee obligation will be unlimited in time until maturity.

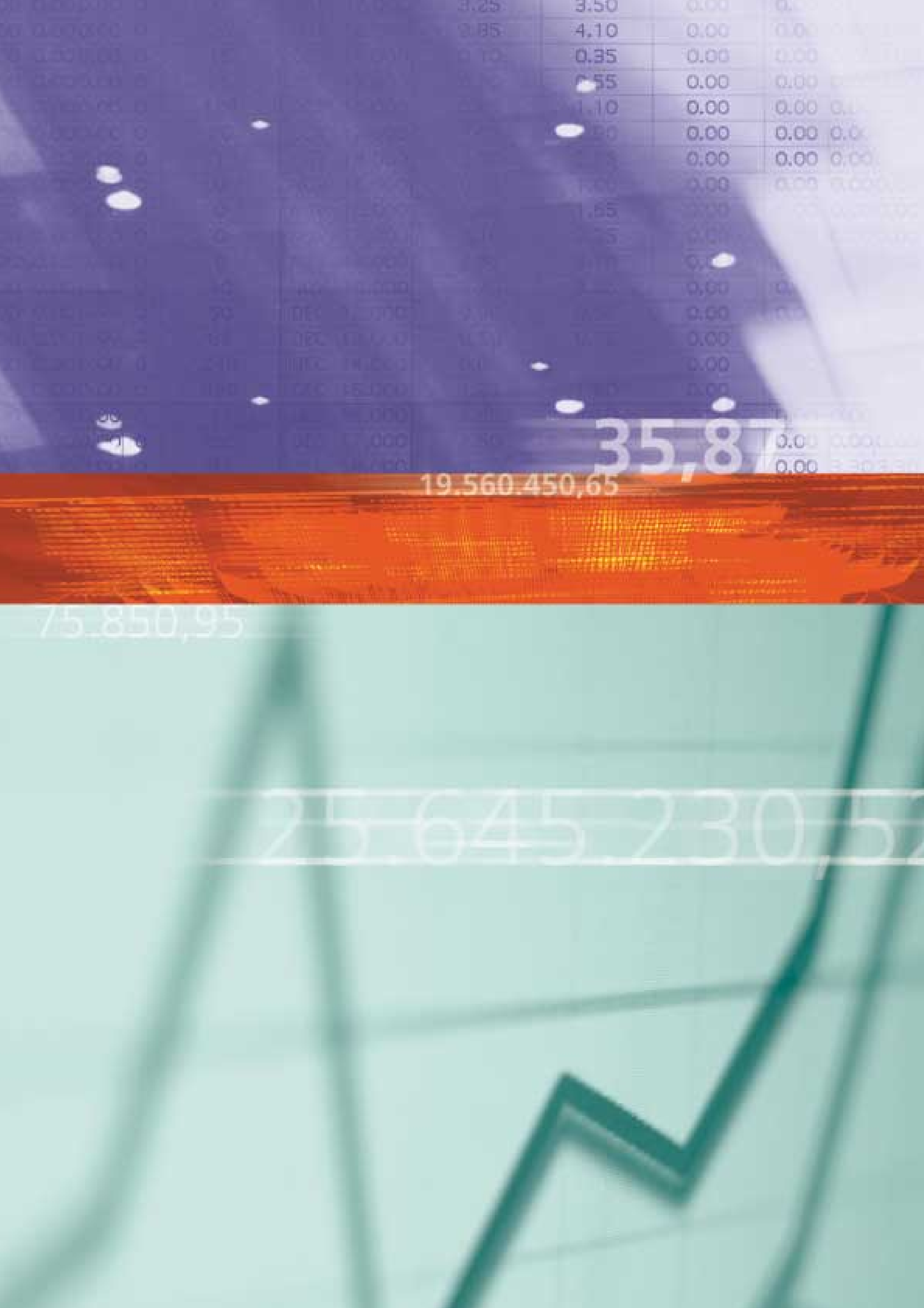
Outlook

Against the background of what is increasingly looking like economic stabilisation in real terms, we expect 2002 earnings to improve further. We expect to see commission income impacting very positively on net income, in particular from our investment and fund business – one of our core segments. We anticipate significantly higher net inflows in Group fund business in 2002, which will also be positively impacted by the continued expansion of our marketing and sales activities. By the end of the year, we expect interest income to be slightly above last year's result, based on the current interest rate situation.

Due to our policy of active cost management, we anticipate only a moderate rise in administrative costs in 2002, a consequence of one-off infrastructure costs for our Frankfurt city centre restructuring plans. We plan to continue to move forward with important strategic measures for the expansion of our market position. By the disciplined management of staff and project costs, we are aiming to again significantly improve our cost-income ratio in the medium term.

planned expansion of market position

We have once again set ourselves ambitious targets for this year and expect a more than satisfactory result.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Banking

Trading operations/Treasury: Structures optimised and strengths enhanced

In view of difficult overall conditions and a climate of global economic uncertainty, our priorities in 2000 were once again to successfully face the challenges of the future and to resolutely push forward the measures needed to achieve them.

In the course of our Group strategic review, the structures in our trading division were adjusted to the future needs of the banking segment and optimised. In the first stage, our trading and treasury divisions were merged in order to tighten procedures and benefit from the synergy effects. The aim was to shorten decision-making processes and reflect the growing interdependence of these two areas and will allow for swift and efficient action and reaction in the face of increasingly volatile markets and complex market processes.

trading and treasury merged

Looking at the needs of our target client group in the banking segment, who include above all domestic and international public-sector entities, the federal government, federal states and municipalities, commercial banks and savings banks, international organisations as well as major institutional clients, we aim to systematically extend our strengths – such as our flexible array of services and personalised customer care – and assure their success in the long term.

To position ourselves even more effectively, on global markets too, we have taken a critical look at our product range and made innovative adjustments to take into account the wishes of our clients. Our conservative policy on risk led us to focus on key markets and clients with top credit ratings rather than geographical breadth.

Our activities focused strongly, as in the previous year, on the needs and wishes of Deka Group. The globalisation of international capital markets and the increasingly intense competitive climate meant that here too the yardstick was pushed even higher.

In accordance with our traditional philosophy, own-account trading in 2001 continued to play a key role with regard to customer focus and optimal customer care while continuing to emphasise a conservative risk profile. Compared with our services segment, own-account trading played a relatively minor role.

The volume of our deposit business remained stable and showed a marked trend towards customised products.

Money market operations

Whereas 2000 was marked by rising interest rates and a change in the tender system at the European Central Bank (ECB), 2001 was a year of falling interest rates. The Federal Reserve's open market committee (FOMC) lowered its federal funds rate by 475 basis points in eleven stages to 1.75 per cent, its lowest level in 40 years.

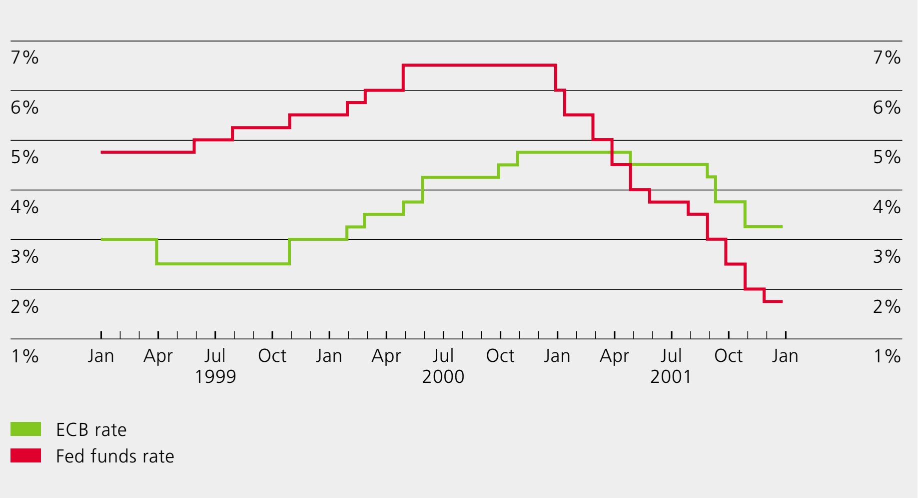
falling interest rates worldwide

Like all other major central banks, the ECB followed the pattern established by the Fed, although with a time lag. The interest rate cuts took place against a background of a slowing eurozone economy. Unexpected price increases were no barrier to the cuts as it soon became clear that they were only temporary.

From May to November 2001, the ECB's benchmark refinancing (tender) rate was lowered by 150 basis points to 3.25 per cent, with the last two stages alone responsible for a 100 basis-point drop. This level is both nominally and in real terms economically appropriate.

After the terrorist attacks of 11 September, the ECB reacted immediately with two quick tenders and acted again in November with a corrective measure. This kept money market volatility within the desired boundaries. Liquidity was never tight and the ECB's interest-rate leadership was never once under threat. The confidence in the ECB's steady but determined operations in the early years following the euro's launch was at no time questioned or shaken. Nor did the potential turbulence on money markets, widely debated in the run-up to the introduction of euro-cash, occur.

European Central Bank and Federal Funds Rates



Money supply grew at an extremely rapid rate. Despite a revision of the central monetary aggregate, M3 money supply rose on a three-month moving average from 3.9 per cent to 7.8 per cent compared with the previous year. Inflation, on the other hand, measured on the harmonised consumer price index (HCPI), gave little to no cause for action.

In the year under review, we continued to expand our customer base, both domestically and internationally. Our emphasis was on banks and savings institutions, central banks as well as international and supranational organisations, in this way keeping to our established tradition of focusing on business partners with impeccable credit ratings.

Short term lending totalled €13.2 billion, up 16.3 per cent over the previous year. The percentage due from overseas partners was 33 per cent, a year-on-year drop of 12 percentage points.

The vast majority of our transactions was conducted with banks.

Foreign exchange trading

The much heralded year of the euro did not occur as anticipated in 2001. Although there was no dramatic devaluation, a palpable rise in the new European currency's exchange rate was nowhere to be seen. We nevertheless believe that the euro will live up to its role as one of the world's major reserve currencies in the near future. This and the planned extension of the eurozone will place increased pressure on the countries which have to date been currency eurosceptics.

In this traditionally international segment, our primary focus was on the eurozone and the US, but we also increased our involvement in the UK and Scandinavia as planned. Initiating business ties with partners in central and eastern Europe was particularly challenging: we successfully established or extended business with banks in the designated candidate countries of Poland, the Czech Republic and Hungary. We consider it essential to obtain expert knowledge about these markets in order to be able to offer optimal customer advice, above all for Deka Group funds. The use of modern hedging instruments enabled us to minimise currency risks and to balance our business needs with our risk-conscious attitude to foreign exchange trading.

new business partners in EU candidate countries

As in 2000, our open currency positions were both planned and negligible. Most of our foreign currency exposure, in accordance with our market assessment and risk philosophy, was and continues to be hedged with the use of derivative instruments such as currency options, swaps and forward transactions.

Our main foreign exchange trading partners remain banks, savings institutions, central banks and institutional investors in eurozone and OECD countries. We also increased our business with international organisations. As in previous years, we did no business in crisis-marked countries and regions such as Turkey or Argentina; business in Asia Pacific once again played only a minor role.

The volume of foreign exchange spot and forward transactions amounted to €15.4 billion at year-end. Currency options and swaps gained significantly in importance, as a result of volatile markets and increased customer interest. Our currency trading operations once again contributed positively to our operating result.

The EuroFX project, co-founded by us as successor to the former official foreign exchange reference price fixing and which sets daily foreign exchange reference rates for the world's eight major currencies, was joined last year by more banks and exchanges.

Securities trading/operational treasury

Securities markets were extremely volatile in the year under review, with some segments experiencing soaring and plummeting prices.

Top-rated bonds again outperformed equities in 2001. A certain degree of risk aversion on the part of investors, in particular after the attacks of 11 September, no doubt allowed bond markets – as safe havens – to profit from the developments. After severe price swings, euro bond markets, following in the footsteps of the US market, consolidated towards the end of the year to yield levels only just below those seen at the beginning of the year.

steeper yield curve

The yield curve steepened in the course of the year. The yield spread between two and ten-year German bunds rose between January and December 2001 from around 40 to 120 basis points. By comparison, the spread between two and 30-year bunds rose by less. However, what cannot yet be quantified is whether the US government's decision to stop the issuance of 30-year Treasury bonds will impact markets in the long term.

Overall, investors paid much closer attention than in previous years to issuers' credit ratings. The ratings and stability were scrutinised not just of emerging market bonds but also of corporate issues, whose market share had already jumped in 2000. As with certain Neuer Markt stocks, the ratings of several corporate bonds worsened considerably, a factor which at times led to extreme price changes. Lower-rated corporate bonds generally performed less well than sovereign eurozone bonds. Despite these occasional pressures, the volume of corporate issues rose steeply in 2001.

Due to severe price swings on international equity markets, Deka Group inflows remained below our forecasts. Although our equity commission business registered strong growth in terms of individual transactions, volumes were down considerably as a result of falling equity prices. As in the previous year, institutional investors focused increasingly on non-European markets.

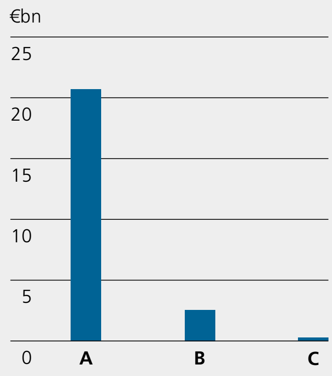
We also adjusted and enhanced our product range in the derivative instruments field in line with client wishes, and here systematically maintained our risk-conscious philosophy. Alongside "classic" instruments, securities lending and repurchase agreements recorded a substantial rise in volume and earnings. We undertook further efforts to improve and enhance our customer advisory services.

Despite the many price fluctuations on equity and bond markets, income from own-account trading again made a positive contribution to total income. However, the main focus of our activities remained customer commission business, a key factor in commission income.

Thanks to our highly diversified portfolio, we were major players on all domestic and international money and capital markets, allowing us to participate adequately in all ECB open market operations.

Compared with the previous year, our securities portfolio rose by €0.8 billion to €23.4 billion, a drop of 0.8 percentage points to 28.7 per cent of the Bank's total assets. The volume of bonds and notes, including equalisation claims, amounted to €20.9 billion at year-end. This was €0.3 billion lower than in the previous year and amounted to close to 90 per cent of our securities portfolio. With a rise in overall volume of €1.1 billion, equities and other non-fixed income securities accounted for around 10 per cent.

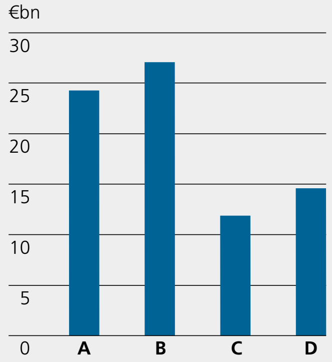
Securities portfolio



A Bonds and debentures
B Shares and other non-fixed-income securities
C Equalisation claims

Total: €23.4 billion

Funding



A Money market funding
B Securitised liabilities
C Long-term liabilities to banks
D Long-term liabilities to customers

Total: €77.9 billion

Funding

Short term funding

Short term money market funding remains an important activity, as seen by the volume of €24.3 billion tapped by year-end. By far the largest proportion was accounted for by interbank operations.

Long term funding

As in previous years, the major portion of our long term deposits was derived from issuance activity, which is covered by the public mortgage bond act (Pfandbriefgesetz). The pfandbrief market maintained its position as the largest bond market in Europe with a volume well in excess of €800 billion. Jumbo issues accounted for an approximately 50 per cent share, with issuance volume in 2001 totalling more than €80 billion. The jumbo market both pleased and disappointed in 2001 – performance yielded pleasant surprises compared with similar top-quality assets. Jumbos also performed better than traditional pfandbrief issues and even the highly rated corporate bond market performed only marginally better. The yield spread between 10-year bonds and jumbo issues narrowed by more than half, from almost 70 to around 30 basis points.

Issuance volume was similar to the previous year. Gross volume was unchanged at around €11.0 billion, with the share of covered issues declining by €2.4 billion to around €6 billion and the volume of uncovered issues increasing by the same amount. The previous year's record for jumbo issues – accounting for around one-third of all covered issues – was not matched in 2001. The proportion of jumbo issues declined slightly by 5 percentage points to around 25 per cent.

The overall trend towards higher funding costs continued in 2001. On a sector-by-sector comparison, the widening of the swap spread lifted our deposit prices only moderately. The reasons for this remain unchanged – our moderate and selective issuance policy together with our liquidity-promoting market making and secondary market activities ensured our continued attractiveness for investors and above all large institutional investors. Our pfandbrief and the Bank's own triple-A ratings were an additional advantage.

We have yet to ascertain how the securities reissue regulations contained in the EU's withholding tax proposals, and the fourth federal financial markets promotions act will impact on markets in 2002.

Underwriting business: cautious activity in selected issues

The underwriting market remained marked by consolidation tendencies in 2001, with a resulting trend towards smaller consortia. Our underwriting activities focused on quality over quantity and on the domestic market: 18 out of 23 issues and reissues in which we participated were German-based. In none of the cases were we required to act as lead manager. The proportion of reissues to new issues was equal. Our subdued activities in global issues was due to our desire to participate in top-rated issues only. Here, we followed the trend on bond markets, where superior credit ratings were increasingly preferred.

trend towards superior credit ratings

There was an increased trend towards securitisation throughout all ratings classes.

A 25 per cent increase in covered registered securities was recorded: thanks to our specially tailored products, we were able to meet all the needs of our institutional clients.

As a member of the federal tender panel, we achieved our target of maintaining a satisfactory middle position. We are confident that when, next year, the tender panel consists of only 42 members, we will successfully defend our business share. In 2001, the rankings were published for the first time by Finanzagentur GmbH, a federal agency which began operating in June 2001 and which is responsible for tasks formerly performed by the Bundesbank, the federal debt administration authority and the federal finance ministry, with the aim of bundling and optimising the federal government's capital market activities. Along with a more thorough utilisation of the product range available on capital markets, we anticipate that the reorganisation will lead to a further diversification in government-backed paper. We also, however, foresee the launch of new instruments in the money market and derivatives segments in the short to medium term.

Strategic treasury

structural optimisation of treasury

Treasury, responsible for the management of our market risk position, underwent a slight reorganisation and structural optimisation last year with the aim of enabling the Bank, through detailed analyses and scenario calculations to better respond to unexpected and erratic market changes. Risk management is based on guidelines issued by the asset and liability management committee.

The strategic treasury's tasks also include drawing up the fixed interest rate balance sheet and the interest cover calculation. The fixed interest rate balance sheet identifies the potential maturity mismatches of all interest rate-sensitive products in banking transactions. The interest cover calculation is drawn up regularly for internal use but also for the rating of our pfandbrief issues.

Treasury's responsibilities also include liquidity management for the entire Bank. Taking into account the liquidity coefficient, which is calculated on a daily basis by an independent unit based on Principle II of the German Banking Act, and in close co-operation with our money market division, treasury draws up and co-ordinates the necessary measures.

Risk positions which are part of treasury's responsibilities, such as price risks arising from currency operations and equity price risks, were hedged to a large extent by the use of appropriate instruments or adjusted according to corporate policy.

Lending operations: solid growth

2001 was another successful year for our lending operations. We traditionally focus on public sector finance, corporate finance, real estate and project finance as well as international finance. In the year under review, our products in these segments were once again characterised by a focus on big clients and long term solutions.

Our Berlin office, which represents the Bank in the German capital, provides services to our business partners there and in the federal states of Brandenburg and Mecklenburg-Vorpommern in real estate and project finance for large-scale residential, commercial as well as infrastructure projects. The office also acts as a linchpin for Berlin-based customers seeking additional financing and investment services from our Group.

€47.3 billion credit volume

Group-wide lending volume amounted to €47.3 billion on reporting day and accounted for 55 per cent of total business volume (€86.4bn). €18.8 billion (40 per cent of total lending commitments) was loaned to non-bank customers; lending to banks totalled €25.6 billion – 54 per cent of total volume. Contingent liabilities amounted to €0.9 billion, down from €1.0 billion in the previous year. Irrevocable lending commitments fell by €0.5 billion to €2.0 billion.

Public sector finance

Out and inflows in our public sector financing operations were fairly evenly matched in the year under review. We provided valuable services for the federal government, its special funds and the federal states to an even greater extent. The tight budgetary situation, fuelled by falling tax revenues, experienced by many municipalities was not yet reflected in higher credit needs in the year under review. Municipalities have to date been in the process of making up for their extremely limited room for manoeuvre by reshuffling budgets, cutting back on investment and pruning costs. New borrowing is only the very last solution.

Lending to this customer group totalled €13.2 billion.

Despite continued low interest rates, demand for lending from public sector banks was slightly lower than in comparable periods, a factor reflected in our books. One important reason was the bursting of the equity bubble which pushed available liquidity increasingly into traditional investment products and provided banks with deposits at favourable interest rates.

Except for a small decline in the number of customers from the public sector banking segment resulting from the quickening pace of merger activity in the past year, we identified little change in the number of market players both domestically and on the European scene.

We maintained our European business operations both with public sector entities and with financial institutions, rigorously taking into account our risk policies and with a view to a satisfactory return on equity. Our cross-border loan commitments are tailored to the needs of our clients and, where appropriate, made in co-operation with our Luxembourg subsidiary DGZ International S. A. (since 1 January 2002 DekaBank Deutsche Girozentrale Luxembourg S. A.).

The Group reacted to business developments with a comprehensive range of products: classic fixed-interest loans, syndicated loans, project finance and hedging facilities. Both our domestic and cross-border loan business are focused on long-term maturities.

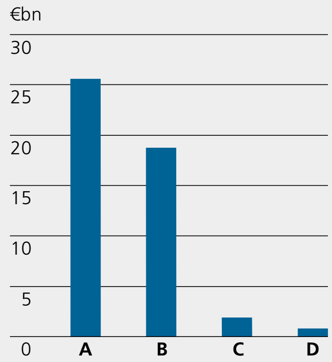
focus on longer maturities

Since the risk of default among public sector clients is negligible, this puts strong competitive pressures on margins. However, this tendency was less marked in 2001 than in previous years and is linked to the impending changes triggered by the Basel II rules on capital requirements.

We have continued to pursue the highest quality standards and to systematically focus on our core competencies. This enabled us last year again to win new business partners despite an intensification of the competitive environment.

In this way, we hope, by retaining a sense of circumspection and entrepreneurial vision, to continue to make steady progress in the future.

Lending volume



A Due from banks
B Due from customers
C Irrevocable lending commitments
D Contingent liabilities

Total: €47.3 billion

Corporate finance

The majority of our clients are among Germany's top 500 industrial and services groups, from sectors spanning automotive, chemicals, oil and utilities as well as trade fairs and exhibitions and airport operators. In most cases, loans have medium to long maturities.

increased trend towards loan securitisation

An increasingly important area of activity are alternative loan products, such as corporate bonds, and acquisition financing for merger and acquisition activities. Due to the growing trend towards loan securitisation as well as the new tax landscape in 2002, these products and also other forms of structured finance such as asset-backed securities will become increasingly important.

Our financing services include tailored and syndicated finance aimed at leasing companies, municipal corporations and financial institutions. We additionally offer this client group syndicated finance operations in partnership with leading banks throughout Europe.

2001 was a year of solid business growth. Medium and long-term disbursements amounted to €1.1 billion and were spread evenly between corporate customers and banks. Lending volume was up 4 per cent over the previous year to €6.5 billion. Overall, this segment registered a successful year.

Real estate and municipal project finance

Our real estate and project finance business with domestic and overseas private and municipal investors enjoyed another good year in 2001. New business grew by €176 million to €1.123 billion. Due to special items resulting from premature redemptions of large-volume individual projects, total loan volume did not match the pace of new business growth. Total loans (excluding bill guarantees and pass-through transactions) increased by €188 million to €3.365 billion.

global new business ahead for the first time

For the first time, new business with private overseas investors overtook domestic business – both in earnings and volume – and we succeeded in significantly strengthening our market position in North America. At the same time, business in our home market yielded gratifying results in new business and margins.

We once again followed a restrictive business policy in private residential real estate financing. We have noticed increasing liquidity problems in residential real estate in the former East Germany and will therefore stick to our policy of selective investment in this region for the time being.

We succeeded in further strengthening our position in municipal project finance and municipal leasing: alongside our financing business, we are increasingly being sought out by the public sector for the development and conception of new financing models for public investment.

International finance

We are active in a variety of cross-border lending operations that include traditional loans, structured finance and short and medium term trade finance. An additional core segment are long term, export-oriented real estate and project financing deals, some of which are guaranteed by government export credit schemes.

The volume of new business in 2001 was slightly higher than in the previous year, with a stronger focus on transactions with European banks and public sector entities, which accounted for more than half of all new business.

Aircraft financing represented the bulk of our business in export and trade finance. A higher number of transactions took place, with the volume of new business remaining at the previous year's levels. Done deals were largely pre-11 September financing agreements for companies we have done business with for several years. Our overall portfolio in this segment has a broad regional and aircraft type spread. Around 80 per cent of total volume is guaranteed by export credit schemes and/or pledged as collateral in the form of relatively new aircraft (83 per cent are less than seven years old).

broad diversification in aircraft financing

Business activity in the infrastructure, energy and telecoms sectors – largely in the form of structured finance – showed growth, with the main focus on telecoms, an area in which we were highly selective.

Short term trade finance deals did not reach the previous year's levels as we did not replace completed projects, mainly in South America, and did not actively push business in the region. As in previous years, we continued to place special emphasis on risk-reducing financing structures as well as on goods safeguards.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Investment Fund Business

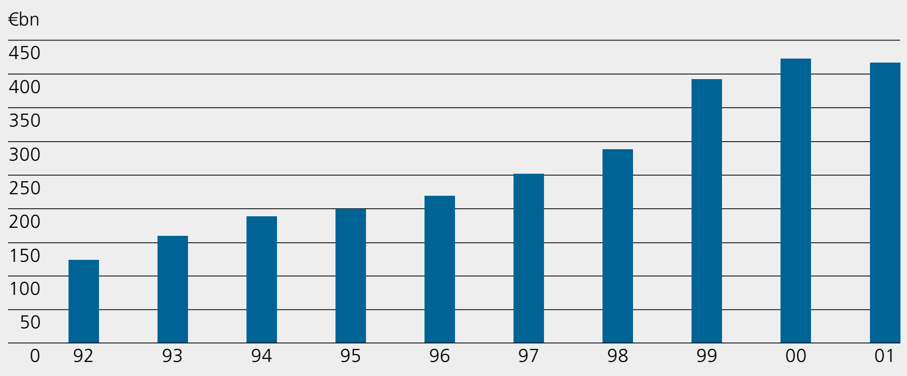
German investment industry: positive inflows into all fund categories

Although world events and economic development in 2001 were not conducive to the setting of new investment records, the German investment industry once again achieved very considerable results. According to figures published by the German Investment Fund and Asset Management Association (BVI), €80.6 billion (previous year: €107.1bn) flowed into funds last year. Inflows were registered in all fund categories, with money market funds in particular emerging as the investor favourite.

investor favourite: money market funds

Inflow volumes into mutual funds and special funds were similar, at €38.4 billion and €42.2 billion respectively, with assets under management for special funds ahead of mutual funds. Out of a total volume of €918.6 billion (previous year: €932.0bn), mutual funds accounted for €417.5 billion (previous year: €423.6bn) and special funds €501.1 billion (previous year: €508.4bn).

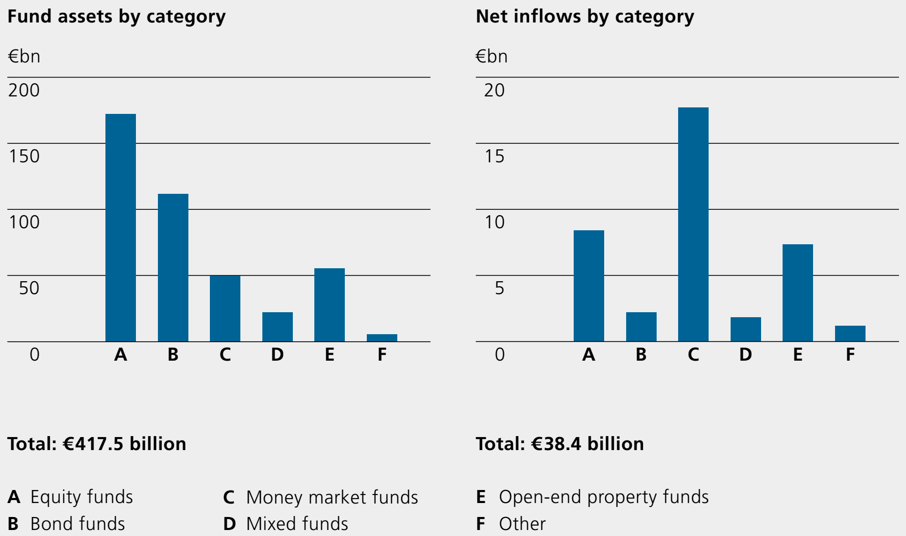
Total market growth: mutual fund assets



Source: BVI

Equity funds accounted for the biggest share of mutual fund assets, at 41.5 per cent (€173.3 bn), followed by bond funds at 26.6 per cent (€111.1 bn), open-end property funds at 13.4 per cent (€55.9 bn) and money market funds at 12.1 per cent (€50.4 bn).

Total market: mutual funds 2001



Source: BVI

The number of funds rose sharply by 591. At year-end 2001, the German investment industry including overseas subsidiaries managed a total of 7,726 (2,227 mutual funds and 5,499 special funds). Equity funds and funds of funds took the largest share of the 334 newly launched mutual funds.

Equity funds in demand despite loss of "favourite" status

In 2001, all fund categories recorded positive inflows. Equity funds remained popular but investor interest focused on lower-risk categories such as money market funds and open-end property funds.

equity funds with broad investment range in demand

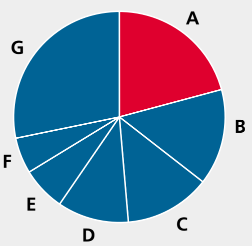
Given the circumstances, equity funds did extremely well, with net inflows of €8.3 billion. Although investors were more cautious and risk-conscious, they remained optimistic about the opportunities provided by equity fund investment. Global-focus equity funds with a broad stock diversification benefited, as did funds containing German or European equities. Country and regional funds as well as sector funds were less popular, the majority registering outflows.

While €2.1 billion flowed into bond funds between January and December 2001, money market funds were the investor favourite, with inflows of €17.7 billion.

2001 was also an extremely successful year for open-end property funds, which were in the forefront of investor choice, attracting inflows of €7.3 billion. This put 2001 on a par with the record years of 1993 and 1999.

The fund of funds segment, which is not included in BVI statistics to avoid double calculation, saw inflows totalling €6.5 billion in 2001. Total fund volume in this relatively young segment amounted to €26.6 billion at year-end. Its growing importance as a structured investment vehicle is confirmed by its popularity with investors.

Total market: investment business of leading investment fund groups 2001



		Market share	Fund assets	Number of managed funds
		%	€bn	
A	Financial Group	20.8	191.5	1,743
B	Deutsche Bank Group	14.7	134.7	640
C	Allianz/Dresdner Bank Group	13.1	120.1	803
D	Co-operative banks	10.9	100.4	734
E	Commerzbank Group	6.7	61.8	616
F	HypoVereinsbank Group	5.5	50.8	459
G	Other	28.3	259.3	2,731
	Total		**918.6**	**7,726**

Source: BVI, own calculations

Differentiated performance

2001 was marked by an at times drastic drop in equity market prices, putting severe pressure on the annual results of equity funds. Bond funds, in contrast, generated respectable returns. Open-end property funds once again proved themselves as an extremely stable investment class.

Equity markets suffered in 2001 from the bursting of the tech stocks bubble in the previous year and a gloomy economic outlook. The attacks of 11 September aggravated the overall uncertainty, pushing the German Dax index down 19.8 per cent year on year. Equity funds with a German investment focus were unable to escape the overall market trend and posted an average 20.7 per cent decline in performance. European-focus equity funds were down by an average 22.5 per cent, with global-oriented equity funds down in value by 19.9 per cent.

convincing equity fund performance in the long term

Despite last year's negative performance, equity funds averaged annualised double-digit increases in performance seen from a medium to long term perspective. This keeps them as choice number one for risk-tolerant investors looking to build up their assets in the long term.

Bond funds profited from numerous interest rate cuts by central banks in 2001. The resulting prices rises helped bond funds with a eurozone investment focus to achieve a respectable average performance of 5.3 per cent. And global-focus bond funds posted average returns of 6.3 per cent due to the rather weak value of the euro in 2001.

Money market funds with a euro investment focus were up by an average 4.1 per cent, a performance close to capital market levels and an impressive confirmation of their suitability as a short term haven for liquidity. Money market funds with an international focus were up by an average 9 per cent during the year.

Open-end property funds proved to be stable and safe performers. The commercial property market was in good shape. The funds profited not only from positive developments in key German and European locations but also from the uncertainty on equity markets. This allowed open-end property markets to record an average increase in performance of 5.4 per cent.

Deka Group: position maintained in a difficult environment

Although 2001 was an extremely difficult year in most market segments, Deka Group successfully defended its market position thanks to the good sales performance of the savings banks in 2001. Total assets under management in mutual and special funds amounted to €133.5 billion at year-end, a slight 0.6 per cent decline over the previous year (€134.3bn).

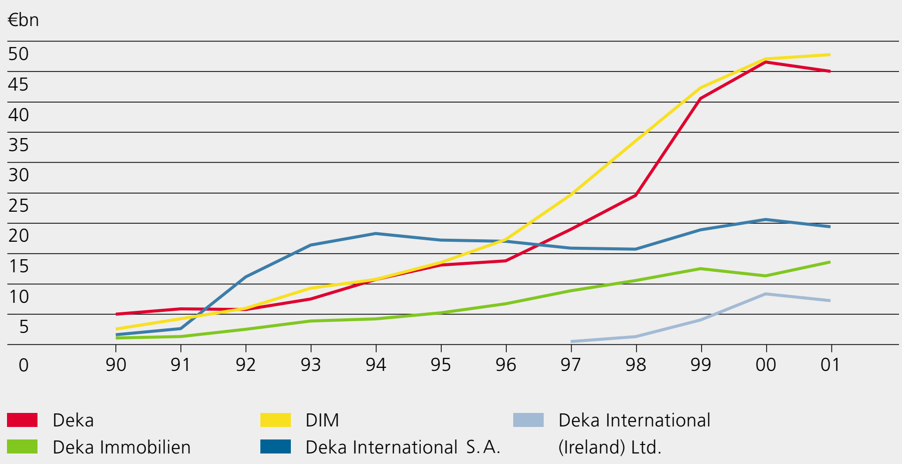
good sales performance by savings banks

While fund volume in our property funds – up €2.3 billion to €13.6 billion – and special funds – up €0.7 billion to €47.9 billion – rose further, mutual fund volume fell by €3.8 billion to €71.9 billion as a result of the sustained drop in prices on global markets.

Money market funds in demand

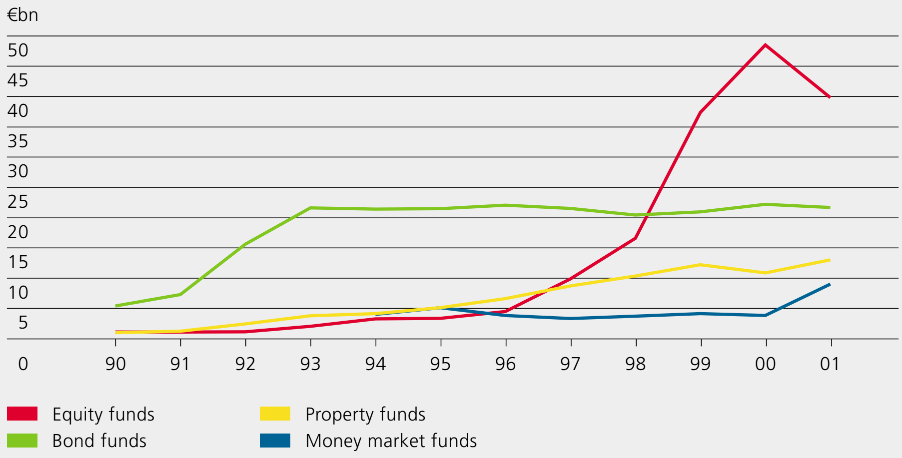
Of the total volume of mutual funds at year-end, €40.0 billion was accounted for by equity funds, €21.7 billion by bond funds, €9.0 billion by money market funds and €1.2 billion by AS (retirement plan), mixed and quantitatively managed funds. Falling equity prices were thus responsible for the lower equity ratio of 56 per cent. The 8 percentage point drop over the previous year benefited money market funds almost exclusively, lifting their share to more than 12 per cent. The bond fund ratio grew modestly to 30 per cent.

Deka Group: funds assets by investment companies



Total: €133.5 billion

Deka Group: fund assets by category



Total: €85.0 billion

Inflows continue

Net inflows into Deka Group investment funds totalled €12.5 billion, of which €8.2 billion were accounted for by mutual funds. This positive result was in large part due to the successful customer concept of the savings banks.

In view of the continued uncertainty surrounding market prices, investors favoured stable "parking" options such as money market funds. This segment attracted more than €5 billion in the year under review. With respective inflows of close to €2 billion, equity funds and open-end property funds proved equally popular with investors. Bond funds, in contrast, recorded outflows of €1.1 billion.

In the lead with funds of funds

In 2001, savings banks customers moved increasingly into structured products such as funds of funds, which can more easily cushion the impact of market fluctuations. A net €1.6 billion was invested in our four fund of fund types DekaStruktur:.

With assets under management totalling €13.3 billion, Deka Group succeeded in defending its market leadership in the fund of funds segment. At the end of 2001, every second euro in a fund of funds was invested in a Deka product.

Outlook for the 2002 investment year

Pension provision and structured investment concepts will remain investor priorities in 2002. As a result of the recent German pension reform, high-return investment funds have now been added to the private and occupational pension plans eligible to benefit from government assistance, which will give investment funds an even more important role in the future.

Against this background, Deka Group registered a positive start to the new business year. Mutual funds posted net inflows of €2.5 billion in the first three months of 2002. A net €1.3 billion flowed into open-end property funds and €353 million into special funds in the same period. Deka Group managed a total fund volume €135.6 billion at the end of the first quarter.

Mutual funds: Liquid investment vehicles preferred

A slowdown in economic growth together with bond prices rising and equity prices falling well into the autumn typified the situation on financial markets in 2001. For the first time since 1974, all three major world economies, the US, Japan and Germany, were simultaneously in recession. The gloomy mood on financial markets was clearly reflected in the risk-averse investor behaviour of our fund customers. With net inflows of €5.0 billion (previous year: €-432m), money market funds were the all-time investor favourite. They were followed by equity funds at €1.98 billion, with investors focusing on highly diversified global and European equity funds. These registered an overall increase of around €2.2 billion. DekaSpezial, our global-focus equity fund recorded the highest demand with inflows of €589.6 million (previous year: €2.4 bn). Although bond funds generated a good performance due to falling interest rates worldwide, investor demand remained below expectations.

Equity markets: highly volatile markets movements

Whereas falling interest rates in the first quarter of 2001 initially triggered muted confidence and impacted favourably on TMT (technology, media, telecommunications) stocks, investors took an increasingly pessimistic view well into the autumn. A high degree of volatility along with a string of revised earnings announcements from top companies too, were the hallmark of the 2001 investment year. The result was double-digit falls in prices on key stock indices worldwide.

convergence funds register double-digit performance increase

In such a difficult environment, Deka-ConvergenceAktien CF delivered a convincing performance, up 15.3 per cent since its launch on 13 August 2001. The fund focuses on stocks in central and eastern European candidate countries or those seeking association status with the European Union.

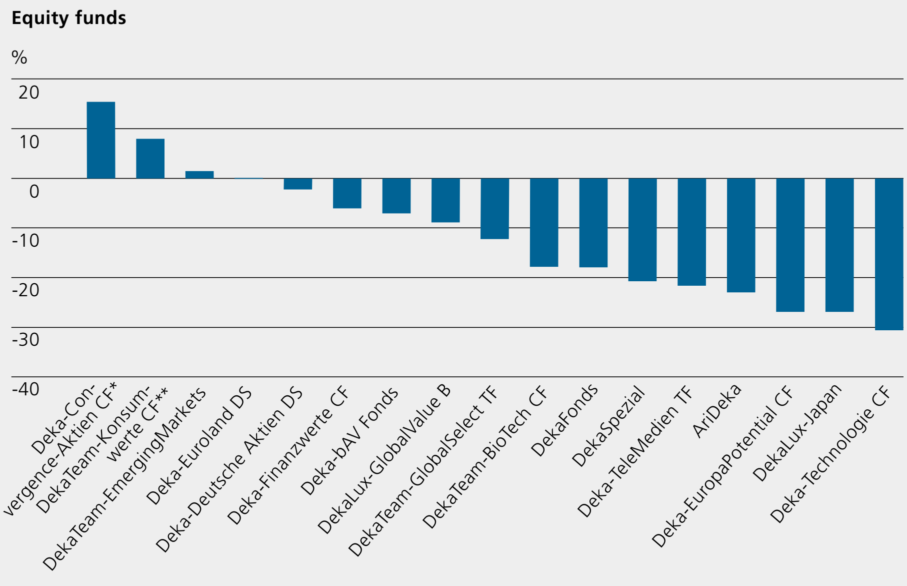
Overall, equity funds with a strategic focus on defensive sectors and individual stocks or those that deploy safety concepts generated the best results. This allowed our (also new) DekaTeam-Konsumwerte fund (+7.8 per cent since its launch on 5 November 2001) and DekaTeam-EmergingMarkets (+1.1 per cent) to deliver good results. Thanks to our Dynamic Safety Concept, losses in Deka-Euroland DS were avoided (0.0 per cent) and limited to 1.9 per cent in Deka-Deutsche Aktien DS.

DekaFonds outperforms the Dax

Among the funds with a focus on Germany, DekaFonds, Deka Group's oldest fund, delivered – despite a negative performance of 17.7 per cent – a relatively good result: the Dax share index performed significantly worse, down 19.8 per cent.

Sector funds, the hot favourite in 2000, were down as a result of the extremely negative environment for tech stocks, recording net outflows. The most sought after funds in this segment were Deka-Technologie CF and TF, which saw an inflow-fuelled total volume increase of around €385 million. However, technology-oriented sector funds posted at times double-digit price declines and did not fulfil investor hopes of attractive returns.

Performance of selected Deka Investmentfonds 2001



* Initial launch 13 August 2001 ** Initial launch 5 November 2001

In the final quarter of 2001, a far more positive trend emerged on equity markets worldwide, which was seen as a trend-setting signal for 2002.

Bond funds: safe investment vehicles in an unsafe market phase

The gratifying performance gains made by Deka bond funds reflected for the most part favourable fundamentals in the bond market during the previous year. A slowdown in growth in the major economies and falling inflation rates pushed central banks to make multiple cuts in key rates. Bond funds thus offered investors a profitable and risk-conscious investment alternative, above all in the light of the continued volatility on equity markets.

good results for European bond funds

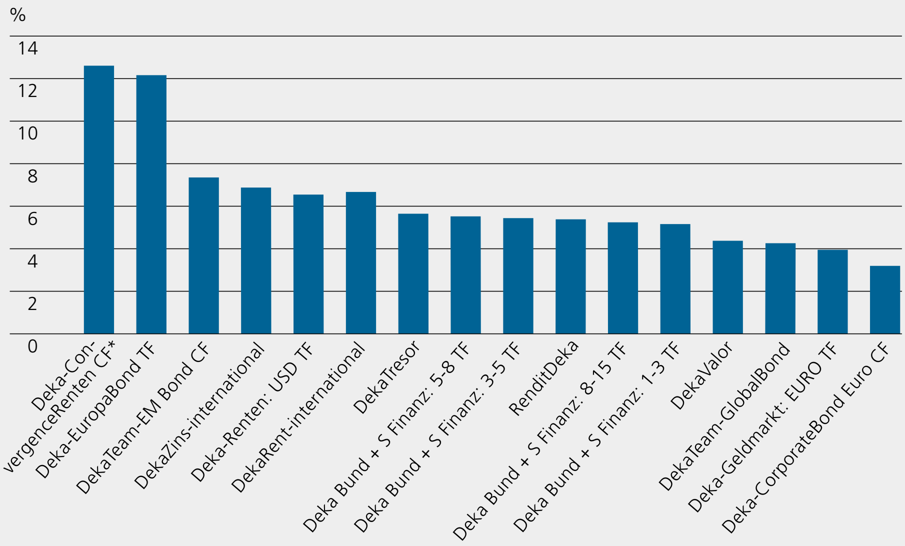
Bonds funds with a European investment focus performed extremely well. Deka-ConvergenceRenten CF, launched in August 2001, was up 12.6 per cent by utilising positive bond market developments in EU candidate countries. Deka-EuropaBond TF, up 12.1 per cent, also posted above-average performance, reflecting the good returns offered by the European bond market.

DekaZins-international, which invests in short-term maturities worldwide, replicated its positive performance of the previous year with a performance increase of 6.8 per cent. DekaTeam-EM Bond CF made use of the good opportunities also available in fixed and floating-rate debentures. This is paper that is not considered first-class and hence offers higher yields. The excellent 7.3 per cent performance underscores the importance of diversification for risk spread.

Uncertainty on equity markets led to keen demand for money market and money market-oriented funds and investors were rewarded for putting their trust in these products with a good performance: Deka-Geldmarkt: EURO TF was up 3.9 per cent. Deka Bund + S Finanz: 1-3 TF, which invests in short-term maturities, was up 5.1 per cent, proof that investing in virtually risk-free products can also generate attractive returns.

Performance of selected Deka Investmentfonds 2001

Bond and money market funds



* Initial launch 13 August 2001

Property funds: high net inflows

Demand on German property market slightly down

The collapse of the TMT (technology, media, telecommunications) sector triggered an overall slowdown in domestic demand for commercial property in 2001. However, growth was seen in old economy companies as well as in corporate services firms (legal services, accounting).

Last year's extremely high turnover figures were not matched in 2001. Rental volume, however, was significantly higher than the 1990s average. Topping the list was the Munich region, followed by Frankfurt, Berlin, Düsseldorf and Hamburg. Vacant office space remained low and rental price increases eased towards the end of the year. There was little change in the east German markets of Dresden and Leipzig. Demand for office space was regionally limited and generally low.

Stable property markets worldwide

The slowing economy in Europe led, above all in new economy companies, to a decline in demand for office space. Rental turnover was nevertheless extremely good and vacancies correspondingly low. Rents continued to rise in some locations but overall growth was slower.

London is the UK's biggest property market and office rents are the highest in Europe. Supply increased thanks to the higher volume of new space. Vacancies were slightly up. Rental price growth slowed both in the City of London – London's financial centre – and in the West End.

low vacancy rates on European property markets

In the Netherlands, property markets in Amsterdam, The Hague, Rotterdam and Utrecht were extremely healthy, thanks to the favourable economy. Despite a modest decline in demand, rents continued to rise due to the very low availability of vacant space. The Belgian capital, Brussels, on the other hand, registered a gratifyingly high turnover in office space in 2001. Top rents for new properties rose slightly due to the virtual absence of vacant space in this category, above all in the city centre. There was very little vacant office space in neighbouring Luxembourg. Supply was slightly up and top rents rose modestly.

The Paris region is Europe's biggest commercial property market. Despite a modest decline in demand, the market remained extremely active, with supply in prime city-centre locations very tight. The vacancy rate was low in all market segments. Rents increased and remained the second highest in Europe. There were signs of an easing of market activity in Spain's two business centres, Madrid and Barcelona. Rental volume was significantly down at times, with rental price growth flat. The high volume of completed office property pushed up the vacancy rate, which had previously been very low.

In Austria, demand for office space in the capital Vienna was extremely high last year. The vacancy rate was up slightly due to the strong volume of new construction. Top rents have remained stable for three years. In contrast, the property market in Budapest, the capital of EU accession candidate, Hungary, remains in a state of consolidation. Top rents were down and vacancies remained at a relatively high level.

Demand for office space in the US eased as a result of the slowing economy, although there was heavy demand for replacement office space in New York and Washington following the September 11 attacks. Overall, rental price increases eased while in San Francisco, top rents dropped considerably. Overall, vacancy levels remained moderate. The favourable outlook for the Australian economy, on the other hand, was reflected by positive growth in Sydney, the country's biggest property market. Demand for office space was stable, the vacancy rate was down and rents have for some time been moving upwards.

Frankfurt am Main: Skyper

Deka-ImmobilienFonds and Deka-ImmobilienEuropa register heavy inflows

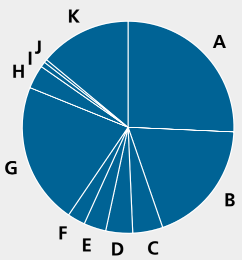
After the heavy outflows of 2000 which were largely due to the booming equity market, extremely high inflows were recorded last year: together, both funds registered a total of €2.0 billion. With a 23.4 per cent market share (previous year: 22.8 per cent), Deka Immobilien Investment GmbH remains the undisputed market leader in open-end property funds.

We continued to expand our special fund segment and 2001 saw two new fund launches. The volume of all five special funds managed by Deka Immobilien Investment GmbH increased to a total of €574.5 million.

Total fund volume managed by Deka Immobilien Investment GmbH at year-end 2001 amounted to €13.6 billion, including €7.3 billion managed by Deka-ImmobilienFonds and €5.7 billion by Deka-ImmobilienEuropa.

Deka-ImmobilienFonds

Property portfolio by region (% of market value as at 31 December 2001)



A Rhine-Main 25.7%	**F** Stuttgart 2.7%
	G UK 21.6%
B Rhine-Ruhr 19.0%	**H** Netherlands 3.6%
C Munich 4.6%	**I** France 0.8%
D Berlin 4.1%	**J** Belgium 0.5%
E Hamburg 3.4%	**K** Others 14.0%

Deka-ImmobilienFonds

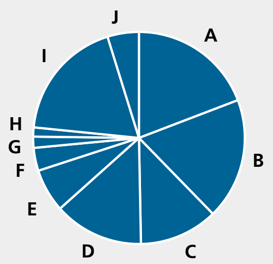
In 2001, the fund acquired three properties in Germany and one in the UK with a total market value of €307.8 million. These consisted of the "Skyper" block, two adjacent plots in Frankfurt, an additional construction element in the "Prime Parc" property (already part of the portfolio) in Raunheim and an extension of the St. Enoch shopping centre in Glasgow. To optimise our portfolio structure, seven properties with a total value of €148.9 million were sold. Our rental activities generated a number of successful results; the vacancy rate was 3.6 per cent (previous year: 3.6 per cent).

Our real-estate portfolio contained a total of 147 properties, nine of which are under construction. Around 26.5 per cent of our property assets (excluding those in the project stage) are abroad and are invested in nine properties in Belgium, France, the UK and the Netherlands.

Paris: Le Centorial

Deka-ImmobilienEuropa

Property portfolio by region (% of market value as at 31 December 2001)



A Germany 19.2%
B UK 18.5%
C Netherlands 12.0%
D France 13.7%
E Belgium 6.6%
F Austria 3.5%
G Spain 1.7%
H Hungary 1.4%
I USA 18.6%
J Australia 4.8%

Deka-ImmobilienEuropa

At year-end 2001, Deka-ImmobilienEuropa had a portfolio comprising 63 properties, 49 of which are located abroad and 14 in Germany. Nine properties (three of which are in the project stage) in four European countries with a total market value of €410.2 million, were acquired. These include office and retail properties in Amsterdam, Berlin, The Hague, Düsseldorf, London, Munich/Ismaning and Paris, as well as a logistics centre in the greater Paris region. The office project in Paris is the spectacular Le Centorial, which is being built behind the historic facade of a building dating back to 1878 and incorporating a dome designed by Gustave Eiffel. In the period under review, one property in London and one in Sydney with a market value totalling €121.5 million were sold. Overseas real estate accounted for 80.8 per cent of the fund's total assets (excluding those in the project stage). The vacancy rate dropped from 2.3 per cent in the previous year to 1.7 per cent.

Performance

Performance including reinvestment in the 2000/01 investment fund year – from 1 October 2000 to 30 September 2001 – improved considerably over the previous business year for Deka-ImmobilienFonds, up 5.5 per cent, as well as for Deka-ImmobilienEuropa, up 6.1 per cent. This was mainly due to a higher return on liquidity as well as a higher return on valuations in the domestic market. Yields across all domestic and foreign properties were 6.6 per cent for Deka-ImmobilienFonds and 8.7 per cent for Deka-ImmobilienEuropa.

The performance forecast for the year ending 30 September 2002 is between 4.0 and 4.5 per cent for both Deka-ImmobilienFonds and Deka-Immobilien-Europa.

Both funds are in the long term a safe and – above all for tax purposes – attractive investment vehicle and are also ideally suited for private retirement planning. 54.3 per cent (private assets) of the return on Deka-ImmobilienFonds in fiscal 2000/01 was tax-free, with Deka-ImmobilienEuropa's tax-free component as high as 65.2 per cent (private assets).

Outlook

The commercial property market in Germany will consolidate in 2002. The overall rental volume will decline, rents will tend to stagnate and although vacancies will rise slightly, they will nevertheless remain gratifyingly low as the availability of new space will increase by very little. The European and overseas markets in which Deka Immobilien Investment GmbH is active can expect sustained investment activity. This means that property yields will remain – also because of low interest rates – under pressure.

Deka-ImmobilienFonds will continue to focus on the domestic market in 2002 and in particular on Berlin, Frankfurt, Düsseldorf, Hamburg and Munich. We will reduce our involvement in speculative project development and concentrate increasingly on investing in rented, completed properties.

Deka-ImmobilienEuropa's main focus is on Europe. We plan to extend our portfolio in existing markets and to expand to other promising countries such as Denmark, Italy and Ireland. We are also keeping a close look at Australia and the US. We intend to continue to optimise our portfolio and to further diversify the utilisation spectrum.

new property fund invests worldwide

After the introduction of the fourth financial markets promotion act – anticipated in mid-2002 – we plan to launch a third fund, Deka-ImmobilienGlobal, which will invest worldwide.

2002 sees the launch of customised property funds for mainly German-based institutional investors. These offer more options than traditionally provided by investment funds and should therefore be extremely attractive for this target group.

Special funds: interest remains high

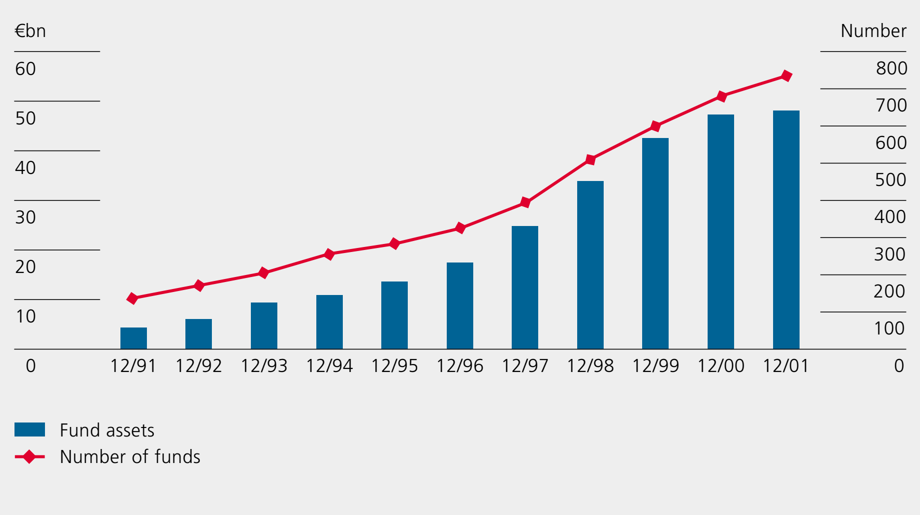
Despite the very obvious slowing of the overall economic situation and the cold wind blowing from the capital markets, special funds, now a well-established, tried and tested form of institutional asset management, had on balance a successful year again. Despite numerous new records, however, the dramatic market weakness on virtually all relevant equity markets worldwide overshadowed our success.

The number of mandates managed by the 55 BVI-listed special funds investment companies rose by a net 275 or 5.3 per cent, although the much more difficult environment led to fund dissolutions on the part of many institutional investors.

Renewed high inflows – although down by more than 10 per cent compared with the previous year – of €39.4 billion were not able to prevent the volume of assets under management, at €492.3 billion, from failing to match, by a very small margin, the record sum of the previous year. With a simultaneously higher number of special funds, average assets under management per fund declined to a little over €90 million, but were still well in excess of the average for past years.

These numbers in no way represent a step backwards – let alone a setback – but rather a return to normal after years of often exuberant growth. In times of emptier budgets in both the private and the public sector, efficient asset management, and hence also the deployment of special funds, becomes increasingly important.

Market growth: DIM special funds



DIM consolidates its lead

The difficult environment also inevitably impacted on Deka Investment Management GmbH (DIM), market leader since June 2000 with the highest volume of assets under management. In difficult times and at a time when an increasing number of new competitors are actively entering the market, it is often all the more difficult for established top companies to defend their position in their particular sector. However, in spite of all these factors, DIM succeeded in doing so. The number of mandate dissolutions was kept low so that by year-end 2001, we managed a total of 738 mandates, an increase of 55 mandates – 8.1 per cent – over the previous year. Net inflows of €4.1 billion amounted to 10.4 per cent of the sector total. This allowed us to slightly increase our market share of total fund volume, which reached 9.7 per cent at year-end.

increased market share for special funds

Once again, more than half of fund inflows resulted from increases to existing special funds, a vote of confidence in Deka Group's performance. Although investment results did not meet absolute expectations in every case due to the weak equity markets, they were certainly satisfactory in relative terms.

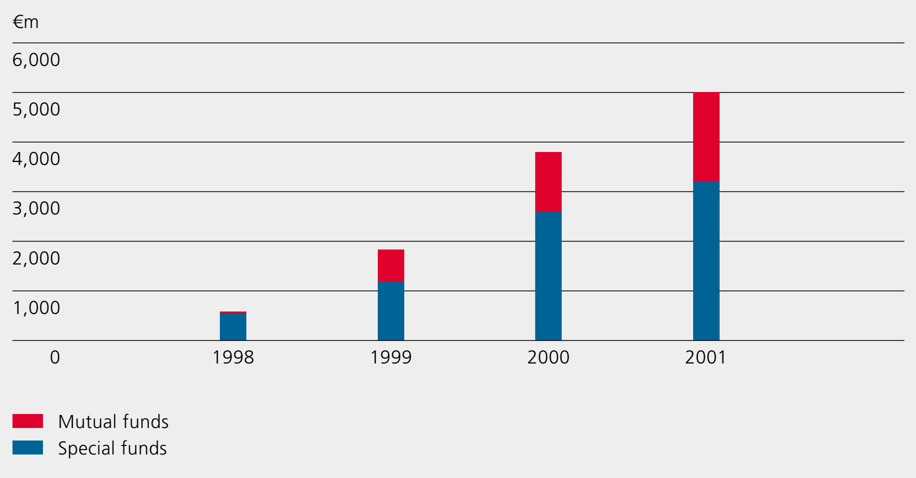
Quantitatively managed fund products: dynamic growth continues

The positive growth in our quantitative products segment continued in 2001: we successfully marketed our entire range of active quantitative products, both domestically and internationally. The volume managed rose – against the market trend – last year by around €1 billion to more than €5 billion in more than 70 mandates. Our continued successful performance in and in spite of a very difficult market environment and our dedication to quality which meets the highest international standards ensure the sustained and dynamic growth of our products in this segment.

above-average growth

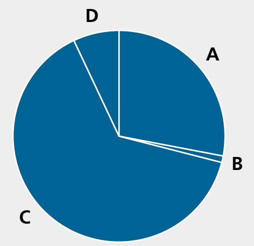
Fifteen highly-qualified experts spanning a wide spectrum of experience and skills guarantee the commitment to excellence required in an international investment environment.

Active quantitative products: growth of fund assets



In the quantitative management segment, we have not only secured a lead over our domestic competitors, our global successes are evidence of the increasing acceptance of our policy – the disciplined implementation of state-of-the-art theoretical knowledge. The prerequisite for this is the development of proprietary mathematical and statistical techniques, benchmarked against global best practice, to identify arbitrage opportunities arising from price discrepancies and to utilise them in an objective, risk-controlled manner. Ensuring the optimally smooth execution of the individual stages of the investment process is a key guarantee for translating theoretical knowledge into practical investment success.

Assets by product type



A Sigma Plus 28%
B Bonds 1%
C Equity 64%
D Multi Asset Mandate 7%

On the equity side, the model world comprises stock selection and market timing aspects, and on the bond side government bonds and corporate bonds. The deployment of our own customised tools for optimal portfolio construction allows for a variety of options tailored to specific client needs, either in a benchmark-driven world with integrated tracking errors or – in particular demand in the past two years – in an absolute return world. And what is currently unique here is the explicit management of portfolio risks with one-sided risk dimensions for the downside risk in such an environment.

Our mandates currently also include six mutual funds. On the equity side, these are the global equity fund DekaLux-GlobalValue, European equity fund Deka-EuropaValue and occupational pension product Deka-bAV Fonds. We also launched the non-benchmark-driven absolute return product Sigma Plus in three different risk categories. This is marketed exclusively to clients investing a minimum of €5 million.

Strong growth was also registered in the delivery of concrete solutions packages across the spectrum of modern asset management. One example are our asset-liability management studies. We fine-tuned our existing range of tools and developed a new strategy sourcing tool, successfully deploying them to draw up concrete solutions in 19 cases.

participation in projects and studies

Our participation in the German Savings Banks and Giro Association-sponsored treasury management project generated important momentum and provided additional ideas for rounding off our range of instruments for overall corporate management. In the asset liability management field, we are currently focusing on whether, along with the treasury management function, to include the market-related pricing of credit risks in our range, in this way optimising the overall asset structure.

Another key focus were feasibility studies carried out in areas such as hedge funds, guarantee products and fund-independent solutions packages. The bulk of the conceptual work was carried out within the framework of a project for developing a fund-based pension plan. A key element was fine-tuning the product with a view to a return-optimised, life cycle-dependent asset allocation in parallel with assuring the integrity of the paid-in contributions for a variety of investor profiles. These were not the only issues solved with the help of extensive Monte Carlo simulations – others included the design of the payout phase and the potential capital coverage for DGZ·DekaBank Group.

Custody: steady growth

Despite difficult market conditions, we continued to expand our custodial business in 2001, although it did not grow to the extent seen the previous year. At year-end 2001, 5.1 million accounts were managed by Deka Group Group-wide, including fund-based asset management services, an increase of 540,000 accounts compared with year-end 2000.

In spite of the often considerable drop in prices on world markets, the total volume of all accounts grew by €1.1 billion to €53.8 billion last year. This is equivalent to a 63.4 per cent share (previous year: 60.8 per cent) of the total volume of Deka Group mutual funds. The average account size was €10,600 at year-end.

increased custody ratio

DekaBank custodial accounts still sought after

The most frequently used service in our custodial and investment services is the DekaBank custodial account, which numbered 4.8 million (previous year: 4.3m) and which guarantees the customer-friendly and economical storage of investment fund units.

Since mid-2001, customers have had the option of depositing, along with the fund units of the approximately 210 Deka investment funds, fund units of 50 funds of our partner banks, Swissca, Lombard Odier & Cie and WestInvest. At year-end, these funds had already accumulated a volume of €580.4 million.

VL savings plans – government-backed asset creation schemes – became increasingly popular. With 270,000 new accounts, VL accounts totalled 1.64 million, with total account volume amounting to €1.3 billion (previous year: €1.2bn). VL accounts accounted for 3.8 per cent of total DekaBank custodial account volume in 2001, up from just under 3 per cent the previous year.

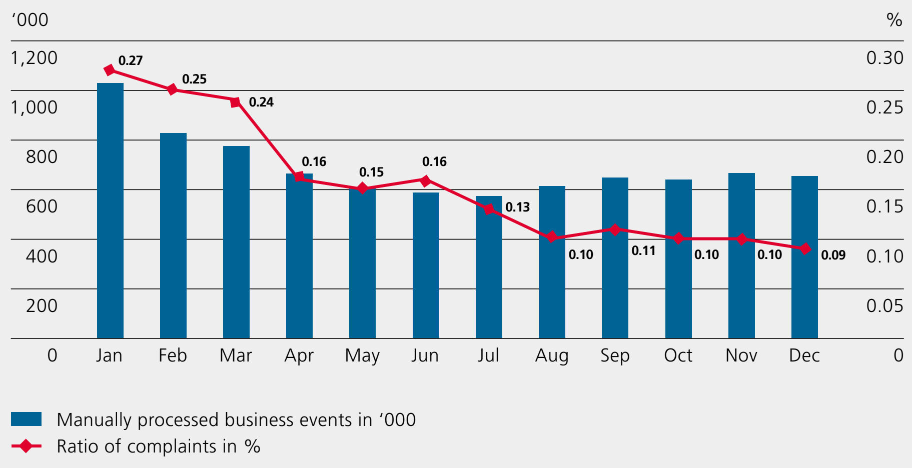
Regular savings contributions via direct debit grew equally in popularity. The number of regular pay-in plans rose to 1.44 million (previous year: 1.37m). This development is certainly also a result of greater investor interest in private pension provision.

Enhanced service quality

We placed particular emphasis on enhancing quality management in 2001. Alongside improvements in processing procedures, which led to a significant drop in the rate of complaints, we also extended our call centre service times. Our operators are now available to customers and savings banks advisers between 6 a.m. and 10 p.m. on trading days and on Saturdays between 8 a.m. and 4 p.m. Our electronic message service can be accessed around the clock, seven days a week.

longer call centre service hours

Ratio of complaints in 2001



We also continued to expand our computerised marketing channels: orders placed online by savings banks doubled to 84 per cent compared with the previous year (41.9 per cent). This led to cost savings of more than €10 million, improved quality and shorter order transmission times.

Structured investment concepts: growing investor confidence in turbulent times

Due to their diversification of investor funds, investment funds display a significantly lower risk profile compared with direct investments. This effect can be enhanced even further by the deployment of structured investment concepts. These are concepts which combine several fund products into an investment strategy with a clearly defined risk/return profile – for example products like fund-based asset management or fund of funds concepts. Deka Group is very successfully positioned in these market segments, which is underlined by the market leadership reached in both cases.

Deka Group remains biggest fund of funds provider

Deka Group remained Germany's biggest fund of funds provider in 2001, with an approximately 50 per cent market share, and DGZ·DekaBank's asset management division is today responsible for the structuring of 26 funds of funds. Our central task is to ensure a balanced and market-adjusted management of asset classes along with the efficient selection of promising and high-performing investment funds. Here, our fund of funds managers are backed up by the expertise of our in-house research team.

Asset management – turbulent markets call for active management

The trend towards fund-based asset management continued despite the difficult phase experienced on capital markets in 2001. An increasing number of investors are opting for this form of investment, which offers a high degree of investor comfort and above all a structured securities investment with an integrated risk-return component all in one.

A carefully structured and actively managed portfolio is set to play an increasingly important role for investors for another reason – the growing importance of private pension provision. Based on a personalised risk approach and investment horizon, Deka Group's asset management services draw up detailed investment concepts in which the investor's funds are broadly diversified. Altering the concept's strategic positioning with regard to asset class ratios – equities, bonds, real estate and cash – offers the opportunity of responding to a changing capital market environment.

more defensive orientation of portfolio structures

In an environment alternating between economic gloom and recovery scenarios, the key to successful investment in 2001 lay, alongside the management of investment ratios, in a consistently defensive orientation of portfolio structures. This allowed us to limit losses even under difficult market conditions. Weighting country, regional and sector funds and integrating value or growth-oriented fund products enabled us to vary the offensive or defensive nature of the portfolio structure – a key management tool in asset management. In the bond segment, accounts were additionally optimised via a change in the structure of residual maturities and the addition of foreign currencies. In an otherwise conservative bond portfolio, in 2001 we also successfully generated additional returns through the integration of corporate and emerging market bonds.

Fund-based asset management Deka Group

	Number of accounts*				Volume			
	SDD		SPP		SDD		SPP	
Account type	No.	%	No.	%	€'000	%	€'000	%
Ertrag	4,696	2.5	5,954	11.6	234,921	3.3	344,297	14.7
ErtragPlus	20,302	10.9			896,162	12.8		
Wachstum	85,114	45.7	26,067	50.8	3,602,358	51.5	1,266,417	53.9
Chance	52,107	28.0	19,284	37.6	1,634,040	23.3	736,648	31.4
ChancePlus	24,009	12.9			633,878	9.1		
Total	**186,228**		**51,305**		**7,001,359**		**2,347,362**	
		237,533				**9,348,721**		

SDD DynamikDepot
SPP Schweiz PrivatPortfolio

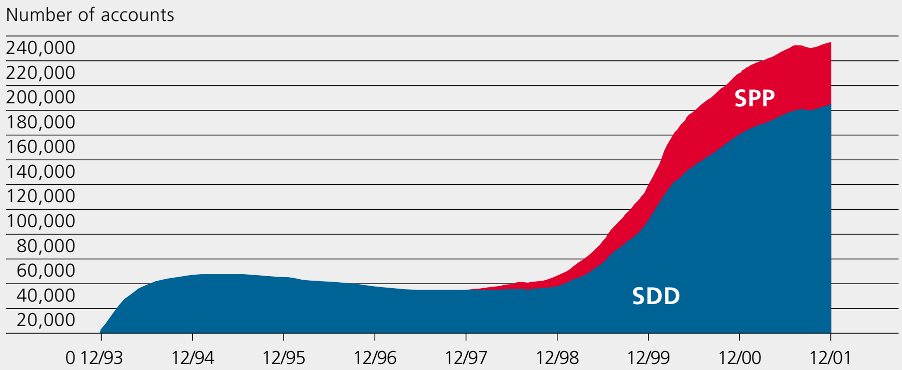
* Active accounts

fruitful co-operation with our international partners

Structured fund concepts show sustained success

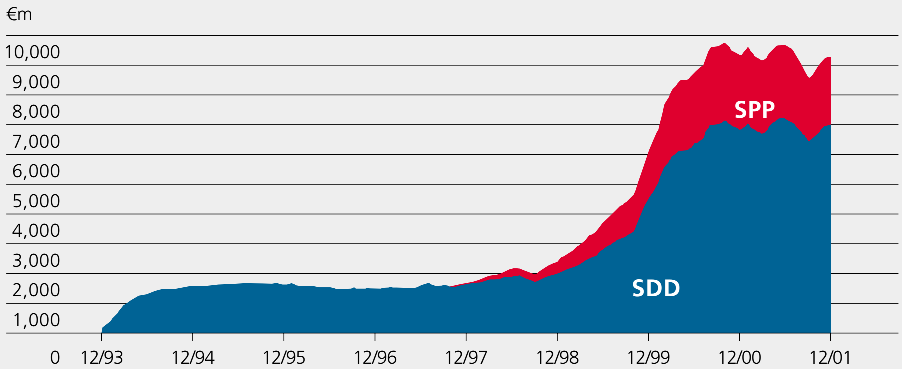
In 2001, our two asset management products, DynamikDepot und Schweiz PrivatPortfolio became firmly established in the fund-based asset management market. Investors in DynamikDepot can choose between five different investment profiles. For the implementation of investment decisions and the targeted selection of fund products, our Frankfurt-based fund management specialists benefit from co-operation with our global partners whose funds round off the broad range of Deka Group products. The technical and market proximity to the fund management expertise of Swissca, the central investment arm of the Swiss cantonal banks, global investment house JP Morgan Fleming and Lombard Odier & Cie is a key pillar in Deka Group's fund-based asset management services. Investors who wish to profit from traditional Swiss banking expertise and opt for asset management with Deka(Swiss) Privatbank AG, can choose between three different account types offered by Schweiz PrivatPortfolio. Investors can additionally opt for the integration of a currency component by investing in Schweiz PrivatPortfolio-Franken or -US-Dollar. Schweiz PrivatPortfolio is managed by Lombard Odier, one of our Swiss partners.

Fund-based asset management: number of accounts



Source: own calculations

Fund-based asset management: volume



Source: own calculations

Seen from a medium to long term view, both DynamikDepot and Schweiz PrivatPortfolio produced an attractive performance. Bond-oriented account types in particular profited from the difficult market environment of the past two years. Since its launch on 1 December 1993, DynamikDepot has generated an average annual return of between 5.5 per cent in the bond portfolio DynamikDepot Ertrag (Yield) and 8.7 per cent in the Opportunities account "Chance" (with an up to 100 per cent equity component). Additional account varieties, launched in 1998 – ErtragPlus (YieldPlus) und ChancePlus (OpportunitiesPlus) – yielded annual returns of 6.3 per cent and 7.7 per cent respectively. Schweiz PrivatPortfolio has enjoyed average annual returns of between 6.1 per cent (Yield) and 7.3 per cent (Opportunities) since it was launched in November 1997.

Balanced management concept dominates

In the light of the difficult market environment, there was high demand for the more conservative, safety-oriented account types. DynamikDepot's ErtragPlus (YieldPlus) account type with an up to 25 per cent equities component allows investors to choose between an all-bond and a more balanced growth portfolio.

At year-end 2001, Deka Group managed assets totalling €9.35 billion Group-wide in its two asset management products, DynamikDepot und Schweiz PrivatPortfolio. Although the negative performance of global equity markets reduced the volume of managed assets, this was almost completely counteracted by net inflows. The biggest component in both products are the growth accounts, with more than 50 per cent of total assets under management. Deka Group's share of the fund-based asset management market, which in Germany is dominated by the big banking groups, grew significantly in 2001 to around 34 per cent, giving Deka Group market leadership.

Deka takes over market leadership

Fund research

As the central provider of investment services for the German savings banks organisation, DGZ·DekaBank has a valuable fund research team at its disposal whose main tasks lie in the provision of analysis and information.

The department monitors and examines the progress of our investment funds, those of our partners as well as our competitors' products. It additionally carries out detailed analysis of global capital markets, on the basis of which it issues investment recommendations.

The increase in the number of fund products makes greater transparency essential, as it does a systematic classification and evaluation on the basis of clear and objective criteria. Our fund research team meets the increased need for information by issuing a variety of publications. Publications such as Deka Investmentfonds Spezial, annual and monthly profiles as well as opinions and reports on capital market themes provide valuable back-up services for the Group's own securities and marketing departments and our partners, the savings banks, landesbanks and public sector insurers.

The investment industry's marketing activities and the increase in fund reporting by the media have created an additional need for information for savings banks. Our research team have, in line with this trend, extended the depth and breadth of available fund information to meet this need. In this connection, our co-operation with fund rating agencies has also been intensified.

Occupational pensions in transition

new options for company pension plans

Germany's statutory landscape for occupational pension provision improved considerably last year. As of 1 January 2002, all employees have a statutory right to a defined contribution-based occupational pension plan. The first collective wage agreements to incorporate this option have already been negotiated. Pension portability and preservation have also been made easier through the substantial lowering of the vesting period – the period of continuous employment required to acquire the right to an occupational pension, even in the case of a change of employer – a sign that the government is taking into account society's increasing mobility.

The four existing "implementation routes" for occupational pension provision have now been supplemented by a fifth – pension funds. This option is more flexible than the previous insurance-based routes since it offers more room for manoeuvre in investing the available capital and can therefore more effectively utilise the opportunities offered by financial markets. Additionally, the pension fund route, to date used almost exclusively by large companies, will now become increasingly attractive due to additional tax incentives.

As part of a central savings banks project sponsored by the German Saving Banks and Giro Association (DSGV), public sector insurance companies and DGZ·DekaBank have drawn up innovative fund and insurance-based occupational pension products to be marketed on a nationwide scale by savings banks. The project also developed recommendations and concepts for the strategic positioning of the savings banks organisation in the occupational pensions segment. In 2001, the newly developed products were optimised and additional products added:

BonusVorsorge

Our BonusVorsorge product is based on the topping up with investment funds. The employer agrees to provide a pension in exchange for the employee's contributions. The contributions are exempt from income tax. Contracting into the policy is made at entry only, which means that employees can decide from year to year whether to remain in this scheme and on the amount of their contribution. The contributions are paid into a dedicated provision-specific equity fund, Deka-bAV Fonds. A residual sum will be used as a one-off contribution to a life insurance policy in the event of the employee's death.

Deka-PensionPlan basic

Deka-PensionPlan was developed along the lines of S BonusVorsorge. The supplementing of the pension plan agreement is also done through the Deka-bAV fund. Instead of salary-funded contributions, Deka-PensionPlan is fully employer-funded. Due to the product's flexibility, it is suitable for one-off or variable special payments to be used for occupational pension provision purposes. The employer can decide from year to year whether to contribute to Deka-PensionPlan basic and in what amount.

Deka-PensionPlan Kombi

Employers and employees often opt for a mixed financing plan and this can be done through a combination of S BonusVorsorge and Deka-PensionPlan. The product is available under the name Deka-PensionPlan Kombi.

With all three products, the pension plan includes a lump-sum payment in the event of the policy-holder's death, disability or where the employee has reached the pensionable age. The amount is equivalent to the accrued capital of the fund units acquired by the employer on behalf of the employee. Independent of fund performance, the employee will always receive an amount equivalent to the capital sum of the pension plan guaranteed by the employer. In this way, employees can take advantage of the efficiency of equity markets for the risk-free, yield-optimised accumulation of retirement capital.

In all these cases, the accrued capital is treated as taxable income upon retirement. The untaxed contributions made during the period of employment are not taxed until the retirement phase. Along with the advantage of accumulating interest on interest payments, the deferred taxation generally involves a lower tax burden.

investing in Deka-bAV Fonds

Deka-bAV Fonds integrated into all three models is a quantitatively managed equity fund which invests in global equities. This allows employees to enjoy the long term benefits of equity market returns.

Deka-PensionConcept

This model is targeted at owners-cum-managing directors of capital companies. Because they are both employers and employees for social insurance purposes, they generally have special pension provision needs. Our annuity-based Deka-PensionConcept product serves this need. The pension plan can be topped up flexibly through Deka Group funds and is not tied to any specific fund. Together with public sector insurers, we plan a newer version of this product in 2002 which will include optional insurance against death and disability.

Joint project Pensionsfonds AG und Pensionskasse AG

new joint companies

Under the sponsorship of the German Savings Banks and Giro Association, the association of public-sector insurers and DGZ·DekaBank jointly established Pensionsfonds AG and Pensionskasse AG in October 2001. Through both these vehicles, employees can make their occupational pension plan contributions as well as making contributions in line with the government-assisted pension plan (AVmG). Pensionskasse AG focuses on combined insurance and investment fund products, while Pensionsfonds AG is used for a variety of pension plans.

The strategic importance of occupational pensions for DGZ·DekaBank was made clear by our establishment of a dedicated occupational pension provision division in October 2001 which bundles the capacity required for this segment. One of the division's tasks is to provide active and direct local-level support to savings banks on all related marketing and advisory issues. Our new centre of expertise, which develops investment-based occupational pension solutions, also offers consultation services.

The need for supplementary pension provision is relevant for both private and company clients, a factor which offers both opportunities and challenges. The opportunities lie in the potential for a closer customer relationship, the challenges in nationwide marketing. Service providers who prove their expertise swiftly will secure access to new customer relationships. The systematic presence of the savings banks organisation in all pension provision segments will certainly be the best guarantee of success in this field.

Marketing and sales: restructuring for our sales division

The repositioning of our Group strategy has also impacted on our marketing structures. We have replaced our existing product focus with a customer focus with the aim of guaranteeing customers a one-stop service spanning our entire product spectrum.

This means bundling the Group's marketing activities into two areas: one for institutional and corporate customers and the other for savings banks, which will also encompass the entire marketing division as well as the "non-technical" e-commerce departments. The marketing and savings banks marketing division now (since October 2001) consists of nine departments and is managed by three division heads.

In order to further intensify our marketing services and to reduce the number of interfaces, our three sales divisions – North, Centre and South – were reorganised with effect from 1 January 2002 according to customer groups and regional savings banks associations. Our services for the largest savings banks from all regions have been integrated with the aim of achieving an even more enhanced needs and target group-oriented servicing of our customer segments.

Joint marketing and sales planning with our partners

The Bank sees itself as an allround central service provider in the investment fund business of the German savings banks organisation. With a modern planning and events concept, our sales partners, the German savings banks and landesbanks, are closely integrated into the systematic marketing and sales planning process of DGZ·DekaBank.

Key marketing and theme issues in 2001

The investment fund business of the savings banks was dominated in 2001 by the funds of funds of our successful DekaStruktur: product line. Our fund-based asset management services, Ṡ DynamikDepot und Schweiz PrivatPortfolio, were also extremely well received, so much so that along with extending our market leadership in the funds of funds segment, Deka Group also for the first time captured the biggest market share in fund-based asset management.

attractive extension to fund range

Alongside our focus on structured investments, 2001 also saw the development of a series of other attractive fund products for portfolio optimisation purposes. The launch of three corporate bond funds, all of which are available in a ClassicFonds and a TradingFonds version, along with sector funds DekaTeam-Konsumwerte and Deka-Finanzwerte CF/TF completed our mutual fund range. With our newly launched Deka-ConvergenceAktien und Deka-ConvergenceRenten funds, investors can also take advantage of the interest rate and price prospects on east European markets for targeted portfolio diversification. DekaTeam-Global-Enterprises, launched in September 2002, is another interesting product for investors looking to optimise their portfolios: this global equity fund invests only in top-ranking international companies.

In the second half of last year, the private pension provision theme dominated the market. With this in view, the savings banks introduced in July 2001 a product range tailored to the new government-assisted private pensions legislation ("Riester pensions": Walter Riester is Germany's employment minister), offering an attractive combination of investment funds and pension provision. In addition to this, DGZ·DekaBank has offered since the end of 2001 DekaStruktur-VorsorgePlan, a product geared to filling the increasingly wide provision gap facing broad sections of the German population.

Another highlight of the past year was the introduction of Schweiz PrivatPortfolio Platin, a fund-based asset management product offered exclusively through savings banks, with our Swiss partner Lombard Odier & Cie as asset manager. Both the administration of the assets and the co-ordination of numerous premium advisory and consulting services are carried out by Deka(Swiss) Privatbank AG, our Zurich-based Swiss subsidiary. The product was initially offered during a pilot phase through selected savings banks. A wider marketing initiative is planned for 2002.

Successful brand development continues

In 2001's difficult capital market situation, fund providers, like many other financial services organisations, pushed ahead with their branding policies. In a highly competitive communications marketplace, we not only successfully defended the Deka Investmentfonds brand's lead position as Germany's most well-known and popular investment fund brand but enhanced our lead. The brand also forged ahead on sympathy, trust and loyalty.

Our new TV commercial played a major role here: the central theme of customer wishes packed in red is perfectly communicated – visually, acoustically and emotionally. The effectiveness of this campaign was confirmed by our award last year of a bronze "Effie" by the German association of advertising agencies (GWA), the only financial services institution to receive such an award.

Our objective to support the savings banks in developing their investment expertise remains at the very centre of our brand strategy. Belonging to the savings banks organisation and the emotional and physical proximity this involves are key to making the Deka Investmentfonds brand stand out from its competitors and enhancing its profile with end customers.

Deka Investmentfonds

setting new accents in our online business

Partnerships

As the first big investment fund company to co-operate with Lufthansa's air miles programme, Miles and More, DGZ·DekaBank offered in May 2001 5,000 miles worth of bonus points to customers for the online opening on www.deka.de of a new custodial account. We have also signed similar agreements with AOL and Atlantis City for the target-specific capture of new customers.

We continued to successfully develop our international marketing campaign for mutual funds in line with our global focus strategy in 2001 via our partners in Switzerland and Austria. This has strengthened our resolve to cautiously consider further market penetration moves based on market potential and suitable partners.

We used 2001 to lay the foundation for a deeper partnership with WestInvest Gesellschaft für Immobilienfonds mbH as well as redefining those with our overseas partners, Lombard Odier & Cie, US investment bank JP Morgan Fleming and Swiss investment company, Swissca.

Computer-assisted sales: deka.de remains en route to success

Despite the turbulent developments on equity markets, our online platform, deka.de, launched in September 2000, continued to push ahead successfully. With more than 200,000 online accounts and an average of one million site visitors monthly, deka.de is today one of the most frequently visited websites in the entire financial services industry. Our web presence is just one of a series of multi-channel sales options of the savings banks that back ups their nationwide, on-the-spot presence through a modern web-based service. Deka.de focuses on a premium quality service and is thus clearly in a completely different quality bracket to the majority of discount providers.

At the heart of our web services are traditional services such as buying, selling or switching fund units as well as arranging payment and withdrawal plans – Ⓢ FondsPlus or Ⓢ FondsReturn – and VL savings plans. Customers can also open new accounts online and arrange for the online management of existing accounts.

Other services expanded last year include product and market information as well as calculation tools: we met the growing demand for up-to-date information on pension reforms by setting up a microsite that bundles all the relevant information and provides interactive modules for calculating maximum government assistance levels and individual pension gaps. The “Fondsakademie” (funds academy) module, developed by leading economists at Aachen University, gives in-depth insight into investment funds and investments in 70 learning units. Other services including a how-to-discover-your-investment-type module and enhanced tools to calculate fund progress provide additional help to investors in developing their portfolio. The customised “my fund service” allows registered users to put together a personalised homepage to match their investor profile. Investors can also subscribe to a customised e-mail-based price service, open a sample account and discover their particular investor type.

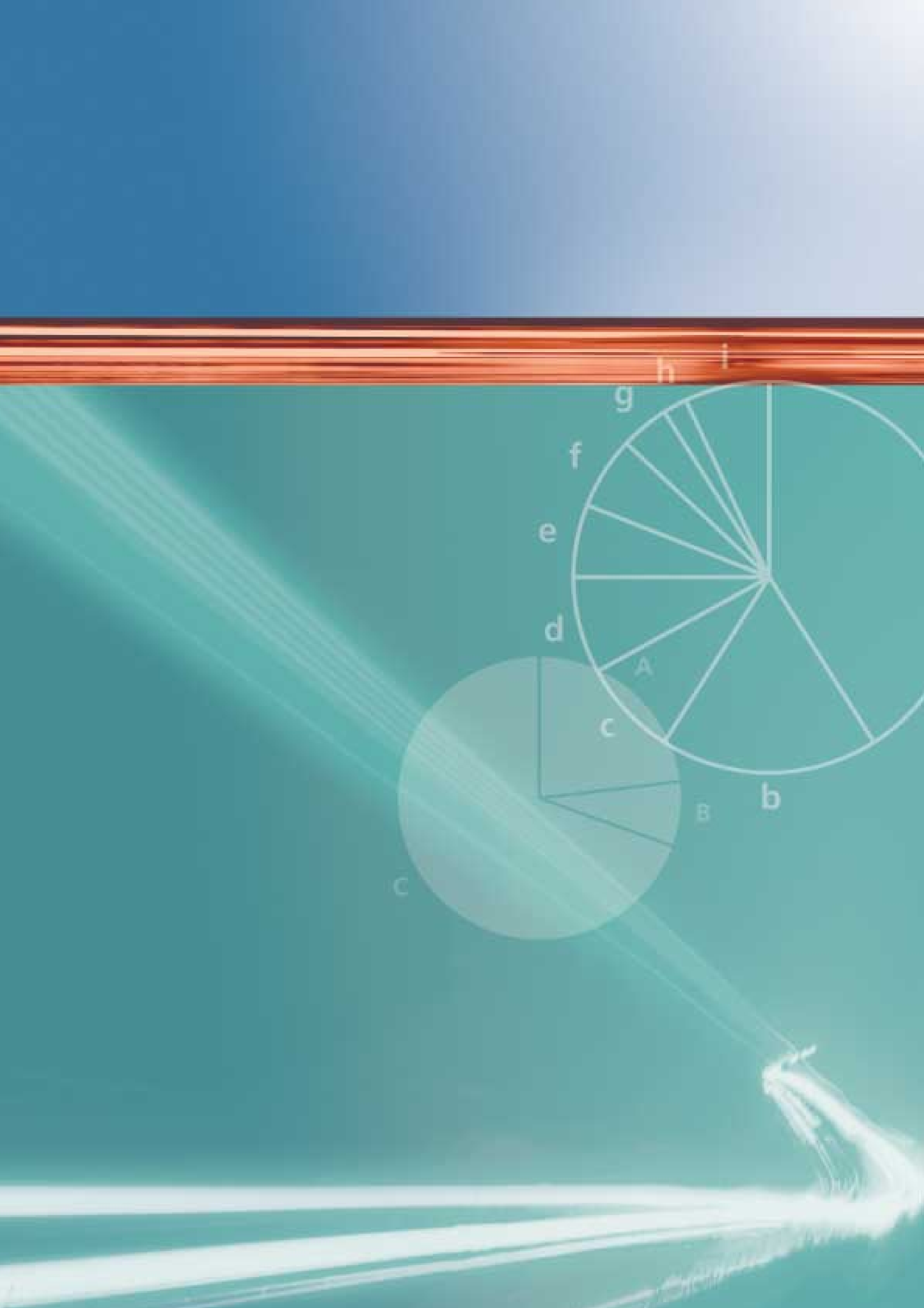
funds academy offers additional back-up

Our FondsCenter: linked to regional savings banks’ websites

All the key service elements of deka.de – including placing orders – can now be integrated into the websites of regional savings banks with minimum effort. More than 400 savings banks are currently taking advantage of this option, proof of the success of the link – aimed at making investors even more loyal to their local savings banks – between deka.de and the savings banks.

Group and subsidiaries on the web

Our Group website www.dgz-dekabank.com offers information on our entire range of products and services as well as our history, structure and organisation. The site additionally has a recruitment section, information on career prospects and a press and news section. Other online services are offered by Deka Immobilien Investment GmbH at www.deka-immobilien.de, DekaBank Deutsche Girozentrale Luxembourg S. A. at www.dekabank.lu and the newly launched site of Deka(Swiss) Privatbank AG (www.deka.ch).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Facility Management: optimising our operating infrastructure

DGZ·DekaBank used 2001 to carry out an additional improvement to operating infrastructure. At the centre of our activities was geographical concentration. The Group, currently spread across eight locations in the Frankfurt area, concentrates its premises on three large locations.

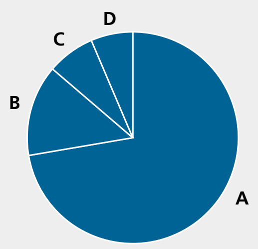
In June 2001, we acquired the Trianon building at Mainzer Landstraße 16, in Frankfurt's banking district, as well as an adjacent building, also part of the Trianon complex, and a car park. We intend to develop the Trianon building as our Group headquarters and to gradually move our market-oriented subsidiaries there, too. Another milestone in our location planning strategy was moving into the Prisma office complex in Frankfurt-Niederrad.

Site concentration will also allow us, alongside a sustained reduction in costs for premises, to leverage the resulting synergies and optimise the interfaces. It will also play a key role in improving internal communication and bundling our strengths.

Trianon building in Frankfurt/Main

Staff

Length of service DGZ·DekaBank Group Germany



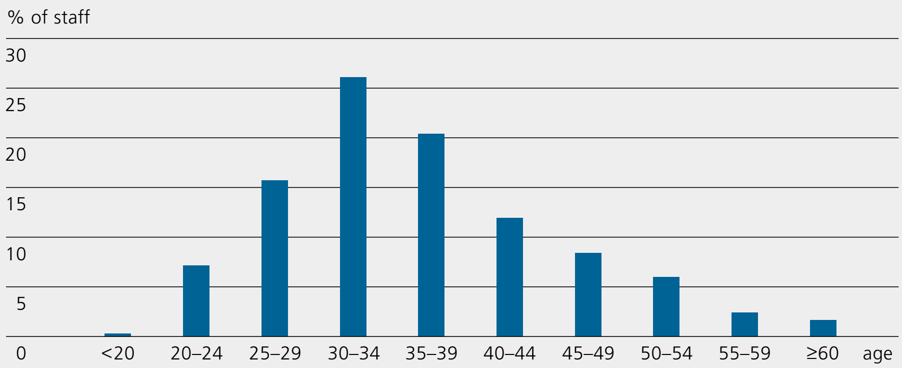
A less than 5 years 72.4%
B 5 to 10 years 13.9%
C 10 to 15 years 7.3%
D more than 15 years 6.4%

In 2001, the Wirtschaftsclub (business club) Rhein-Main in partnership with the federal labour office awarded DGZ·DekaBank its "special synergy prize" as part of its investing in jobs awards, for sustained job creation. Here, DGZ·DekaBank differs from many other companies who, in the wake of a merger, cut jobs as part of their cost-saving plans. According to data supplied by the federal labour office, no other German financial services company has created more jobs in the three post-merger years.

Further growth

At the end of 2001, 3,199 persons were employed Group-wide, a year-on year increase in the total workforce, including temporary staff, of 10.3 per cent. Staff numbers in Germany rose from 2,491 to 2,746, an increase of 10.2 per cent. The majority of new jobs were in our Organisation and IT division and also in our real estate subsidiary, Deka Immobilien Investment GmbH. Due to the much weaker rise in workforce numbers last year, the average length of service was slightly up from 4.6 to 4.7 years and the average age from 36.0 to 36.2. The number of male employees was up from 51.7 per cent to 53.8 per cent.

Group age pyramid (German companies)



Mean age: 36.2 years

Personnel expenses amounted to €234.1 million in 2001, up by 10.1 per cent over the previous year and was mainly due to further growth in staff numbers and wage and salary rises negotiated in 2001.

New location in Frankfurt-Niederrad

Due to the higher headcount-driven need for larger premises, a number of divisions moved into our new location in the Prisma complex in Frankfurt-Niederrad last year: Organisation and IT, Bank-specific transactions, Finance, Services and Logistics and our Deka FondsSupport subsidiary. The staff council is also now located here. With around 1,000 employees, the Prisma site is now the Group's largest location.

Career development and new vocational training path

In the career development field, we focused on supporting our strategic, corporate and structural change processes as well as extending our systematic career planning and development opportunities, which led to the introduction of additional specialist career path models and a Group-wide trainee management group.

We were particularly pleased by the results of a multi-sector employer survey – Ranking 2001 – which interviewed 500 DGZ·DekaBank Group employees. These gave our Group above-average marks for working conditions and career development opportunities, also compared with other companies. Our training costs remained high and amounted to 3.1 per cent of wages and salaries.

In graduate recruitment, our focus on developing a systematic placement mentoring concept as well as extending the targeted sponsorship of university chairs led to a significant increase in the number of placements and new graduate trainees.

new career path ready for launch

The initiative to create a new, dedicated investment-fund career path in co-operation with the German Investment Fund and Asset Management Association (BVI) cleared a number of important hurdles in 2001. Now that trade union and employer agreement has been secured, the application procedure – expected to begin in 2002 – can get underway at the German economics ministry. By introducing a new investment fund-specific career option, the Bank plans to train young people for jobs in our company and at the same time create new traineeship openings.

Services and benefits for staff

The Data Business Warehouse project, which enables us to provide senior management with a wide array of relevant human resources (HR) standard evaluations as well as improving information quality standards, has allowed us to continue to enhance our service performance and HR efficiency. In line with the successful transition to the euro with regard to salary payments at the end of last year, all employee salary components were rounded up to full euro amounts.

The number of part-time jobs amounted to 170 on reporting day. We also offer and continue to offer employees on parental leave, in line with the statutory regulations on child allowance, to take up employment on a temporary basis. An increase in the number of teleworking jobs at our German locations to 79 was an important step in supporting those staff wishing to better co-ordinate work and family commitments and was, as in previous years, fully supported by the Bank.

We continued to offer long-serving staff a generous early retirement programme well in excess of the negotiated statutory scheme. Group-wide, further staff took advantage of the programme in 2001.

dedicated company pension plan

All staff employed since 1 February 1999 in the German companies of DGZ·DekaBank were offered the opportunity of participating in the new jointly-developed, fund-based occupational pension plan. Additionally, all employees – including those with existing pension entitlements from old Group plans – were offered the chance to enhance their pension provision through salary contributions. The threshold parameters of an existing pension plan were increased, providing an additional benefit. 30 per cent of the employees of our German companies took advantage of this offer.

Company improvement scheme

As an integral part of a modern, forward-looking company, our company improvement scheme continued to grow positively last year. Whereas in 2000, suggestions were up by around 60 per cent over the previous year, in 2001 the number of employee suggestions for improvement rose to 280, a more than sevenfold increase. This was also due to the renewed offer of bonuses by the Board of Management and by internal marketing. An efficiently organised procedure for processing the ideas was just one of the measures needed to cope with such a large number. The scheme has also been integrated into a dedicated organisational unit in the economics and communications division in order to ensure a more direct communication with staff.

Employee suggestions did not just extend to cost savings but also included ideas to improve internal procedures or to optimise products and services such as our deka.de website. The increase in quantity brought a significant increase in quality. The prize committee awarded bonuses and acknowledgements worth around €20,000. The individual prizes were also higher than in 2000.

a big leap in quantity and quality

The scheme has also been restructured with a view to incorporating our own experiences as well as those of other companies in order to improve it even further. The number of eligible employees has also been extended to include two more divisions of the Bank and overseas subsidiaries. The scheme now offers employees at Group level the opportunity of using their ideas for the benefit of the company.

Our thanks

We would like to express our heartfelt thanks to all current and retiring staff for their performance and personal commitment. We would also like to thank the staff council and equal opportunities representative for their fair and constructive co-operation in the past year.

Report of the Supervisory Board for the 2001 Business Year

The Supervisory Board and its executive committee were informed regularly about the business developments of the Bank and have satisfied themselves as to the proper conduct of the Bank's affairs as well as of the regularity of the financial statements and the report of the Board of Management containing the Management Report.

PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft audited the financial statements for the 2001 financial year prepared by the Board of Management together with the Management Report and gave its unqualified certificate of audit in respect thereof. The Supervisory Board approves the result of the audit.

Following their final examination by the Supervisory Board, the balance sheet as at 31 December 2001 and the profit and loss account for 2001 together with the notes to the accounts are approved by the Supervisory Board and submitted to the Annual General Meeting with the proposal to approve the same and to distribute the net profit for the 2001 financial year amounting to €22,905,876.28 to capital.

The following changes occurred on the Supervisory Board during the past year:

Ernst Lenz, former chairman of the Board of Management of Landesbank Saar Girozentrale, resigned from the Supervisory Board with effect from 31 January 2001. He was replaced by Dr Max Häring with effect from 1 February 2001. The Annual General Meeting also appointed Gregor Böhmer, managing president of the Savings Banks and Giro Association of Hesse-Thuringia, and Hans-Dietmar Sauer, chairman of the Board of Management of Landesbank Baden-Württemberg, to the Supervisory Board with effect from 1 January 2001 and 1 March 2001 respectively. Ulf-Wilhelm Decken, former chairman of the Board of Management of LandesBank Berlin – Girozentrale –, retired with effect from 8 March 2001. The Annual General Meeting appointed Norbert Pawlowski, member of the Board of Management of LandesBank Berlin – Girozentrale –, to the Supervisory Board on 1 June 2001. Alfred Lehner, former chairman of the Board of Management of Bayerische Landesbank Girozentrale, resigned from the Supervisory Board with effect from 31 May 2001. He was replaced by Werner Schmidt with effect from 1 June 2001. Walter Schäfer, former chairman of the Board of Management of Landesbank Hessen-Thüringen Girozentrale, retired on 30 June 2001. His replacement, Dr Günther Merl, was appointed to the Supervisory Board with effect from 1 July 2001. Dr Friedel Neuber, former chairman of the Board of Management of WestLB Westdeutsche Landesbank Girozentrale and first deputy chairman of the Supervisory Board, resigned with effect from 31 August 2001. The Annual General Meeting appointed Jürgen Sengera, Chairman of the Board of Management of WestLB Westdeutsche

Landesbank Girozentrale, to the Supervisory Board with effect from 1 September 2001 and as first deputy chairman. Dr Hans-Henning Becker-Birck, former managing member of the Executive Committee of the Federation of German Districts, retired with effect from 31 December 2001. Prof Dr Hans-Günter Henneke was appointed as replacement with effect from 1 January 2002.

The Supervisory Board extends its thanks to the departing members for their many years of valuable service to the Bank.

On 31 January 2002, Manfred Zaß, chairman of the Board of Management of DGZ·DekaBank, retired after more than twenty years of service on the Board of DGZ·DekaBank and its predecessor institution Deutsche Girozentrale –Deutsche Kommunalbank–. The smooth merger between DekaBank GmbH and Deutsche Girozentrale –Deutsche Kommunalbank– is largely thanks to his efforts as chairman of the merged institution from July 1999. His many years of commitment to investment fund-based savings and to Germany's position as a financial centre have enhanced the reputation of DGZ·DekaBank and the savings banks organisation in the long term.

His successor as chairman of the Board of Management, Axel Weber, previously deputy chairman of the Board of Management, took up his appointment on 1 February 2002.

Frankfurt am Main, April 2002

The Chairman of the Supervisory Board
Dr Dietrich H. Hoppenstedt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Financial Statements and Group Financial Statements 2001

Group Balance Sheet as at 31 December 2001

Assets

				2001	2000
		€	€	€	€'000
1. Cash reserves					
a) cash in hand			1,991,638.93		2,821
b) balances with central banks			900,165,085.21		100,154
including:					
with Deutsche Bundesbank	€895,197,432.06				(92,749)
c) balances with post office banks			1,578,887.14	**903,735,611.28**	1,197
2. Due from banks					
a) payable on demand			1,030,237,704.58		2,626,073
b) other receivables			32,553,808,555.04	**33,584,046,259.62**	31,661,031
3. Due from customers				**21,926,418,561.88**	18,864,447
including:					
secured by mortgages	€516,075,539.93				(750,105)
public sector loans	€13,190,127,263.56				(12,159,160)
4. Bonds and other fixed-interest securities					
a) money market instruments					
of other issuers			212,573,461.78		3,901,714
including:					
eligible as collateral with					
Deutsche Bundesbank	€212,573,461.78				(1,706,035)
b) bonds and notes					
ba) of public issuers		3,127,385,691.19			3,135,096
including:					
eligible as collateral with					
Deutsche Bundesbank	€3,015,435,686.78				(2,931,601)
bb) of other issuers		15,190,959,680.04	18,318,345,371.23		10,533,392
including:					
eligible as collateral with					
Deutsche Bundesbank	€12,463,712,440.17				(7,716,747)
c) own bonds			2,139,544,624.46	**20,670,463,457.47**	1,507,956
nominal amount	€2,078,128,479.43				(1,476,852)

Assets

			2001	2000
	€	€	€	€'000
5. Shares and other non-fixed-interest securities			**2,523,696,275.57**	1,443,258
6. Equity investments			**89,773,249.38**	90,778
including:				
in banks €2,808,546.76				(2,925)
7. Shares in associated companies			**61,015,964.63**	22,497
8. Shares in affiliated companies			**417,304.73**	10,483
9. Trust assets			**511,291.88**	522
10. Equalisation claims against public authorities				
including bonds and notes issued in substitution thereof			**242,613,100.79**	2,112,471
11. Tangible assets			**696,716,809.20**	56,869
12. Other assets			**384,668,537.76**	262,072
13. Prepaid and accrued income			**287,027,342.16**	346,970
Total assets			**81,371,103,766.35**	76,679,801

Liabilities

			2001	2000
	€	€	€	€'000
1. Due to banks				
a) payable on demand		773,765,366.12		1,634,362
b) with agreed maturity or period of notice		30,958,009,816.44	**31,731,775,182.56**	32,890,318
2. Due to customers				
other liabilities				
a) payable on demand		5,969,079,817.67		5,186,296
b) with agreed maturity or period of notice		13,174,431,924.67	**19,143,511,742.34**	8,698,423
3. Securitised liabilities				
bonds and notes issued			**27,060,516,671.40**	24,938,902
4. Trust liabilities			**511,291.88**	522
5. Other liabilities			**250,664,158.99**	351,807
6. Accruals and deferred income			**72,645,939.14**	78,349
7. Provisions				
a) for pensions and similar obligations		140,964,876.26		124,316
b) for taxes		141,194,477.52		145,175
c) other provisions		469,181,807.85	**751,341,161.63**	410,783
8. Special item with partial reserve character			**45,613,476.13**	82,059
9. Subordinated liabilities			**480,135,039.13**	439,543
10. Profit participation capital			**327,329,062.34**	327,329
including:				
due in less than two years €76,693,782.18				(76,694)
11. Fund for general banking risks			**155,372,168.54**	85,707

Liabilities

			2001	2000
	€	€	€	€'000
12. Equity capital				
a) subscribed capital				
aa) subscribed capital	286,323,453.46			286,323
ab) silent capital contributions	300,386,586.02	586,710,039.48		300,179
b) capital reserves		190,290,557.02		190,291
c) reserves from retained earnings				
ca) statutory reserves	6,482,607.34			4,022
cb) reserves required by the Bank's statutes	51,283,598.27			51,284
cc) reserves from other earnings	439,977,390.60			303,260
cd) excluding goodwill	-14,768,175.72	482,975,420.49		0
d) equalisation items for minority interests		146,181.19		213
e) net income		91,565,674.09	**1,351,687,872.27**	150,338
Total liabilities			**81,371,103,766.35**	76,679,801
1. Contingent liabilities				
liabilities from guarantees and indemnity agreements			**885,985,884.95**	1,001,763
2. Other commitments				
irrevocable lending commitments			**4,102,916,197.95**	2,536,389

Group Profit and Loss Account from 1 January to 31 December 2001

Expenses and income

				2001	2000
		€	€	€	€'000
1. Interest income from					
a) lending and money market operations		3,015,912,064.78			2,846,672
b) fixed-interest securities and government-inscribed debt		1,047,254,576.90	4,063,166,641.68		879,833
2. Interest paid			3,841,735,727.78	**221,430,913.90**	3,490,141
3. Current income from					
a) shares and other non-fixed-interest securities			36,734,351.14		15,248
b) equity investments			1,920,482.08		1,763
c) shares in affiliated companies			0.00	**38,654,833.22**	0
4. Income from shares in associated companies				**-3,075,977.88**	0
5. Income from profit pooling, profit transfer				**0.00**	168
or partial profit transfer agreements					
6. Commission income			2,037,814,137.16		2,388,809
7. Commission paid			1,308,899,551.86	**728,914,585.30**	1,670,055
8. Net income from trading operations				**15,580,899.89**	37,677
9. Other operating income				**66,518,746.35**	59,060
10. Income from dissolution of special item					
with partial reserve character				**36,444,947.41**	33,455
11. General administrative expenses					
a) personnel expenses					
aa) wages and salaries		190,768,703.17			171,066
ab) social security contributions and expenses for					
pensions and other employee benefits		43,306,490.17	234,075,193.34		41,635
including:					
for pensions	€19,866,917.56				(21,698)
b) other administrative expenses			411,531,829.81	**645,607,023.15**	358,529
12. Write-downs and value adjustments					
on intangible and tangible fixed assets				**51,460,280.15**	36,873

Expenses and income

			2001	2000
	€	€	€	€'000
13. Other operating expenses			**12,323,450.24**	11,476
14. Write-downs and value adjustments on loans and certain securities as well as allocations to loan loss provisions			**16,149,043.15**	54,540
15. Allocations to fund for general banking risks			**69,664,651.07**	39,756
16. Write-downs and value adjustments on equity investments, shares in affiliated companies and securities treated as fixed assets			**9,255,002.30**	0
17. Income from revaluation of equity investments, shares in affiliated companies and securities treated as fixed assets			**0.00**	1,825
18. Allocations to special item with partial reserve character			**0.00**	14,735
19. Profit or loss on ordinary activities			**300,009,498.13**	375,704
20. Extraordinary income		0.00		(0)
21. Extraordinary expenses		0.00		(6,135)
22. Extraordinary result			**0.00**	-6,135
23. Taxes on income and revenues			**151,013,168.37**	154,578
24. Income transferred under profit pooling, profit transfer or partial profit transfer agreements			**57,374,992.87**	64,622
25. Net income for the year			**91,621,336.89**	150,369
26. Shares of shareholders outside the Group			**55,662.80**	31
27. Group profit			**91,565,674.09**	150,338

Balance Sheet as at 31 December 2001

Assets

				2001	2000
		€	€	€	€'000
1. Cash reserves					
a) cash in hand			649.67		1
b) balances with central banks			895,338,022.22		92,749
including:					
with Deutsche Bundesbank	€895,338,022.22				(92,749)
c) balances with post office banks			100.97	**895,338,772.86**	0
2. Due from banks					
a) payable on demand			854,157,440.81		2,413,054
b) other receivables			29,913,944,980.50	**30,768,102,421.31**	29,965,922
3. Due from customers				**19,400,246,751.53**	16,390,942
including:					
secured by mortgages	€516,075,539.93				(750,105)
public sector loans	€11,342,777,464.64				(10,700,897)
4. Bonds and other fixed-interest securities					
a) money market instruments					
of other issuers			192,422,970.67		3,868,641
including:					
eligible as collateral with					
Deutsche Bundesbank	€192,422,970.67				(1,706,035)
b) bonds and notes					
ba) of public sector issuers		2,896,914,822.45			2,878,998
including:					
eligible as collateral with					
Deutsche Bundesbank	€2,793,226,640.19				(2,683,805)
bb) of other issuers		14,129,083,220.26	17,025,998,042.71		9,868,794
including:					
eligible as collateral with					
Deutsche Bundesbank	€11,563,711,817.56				(7,130,159)
c) own bonds			2,139,544,624.46	**19,357,965,637.84**	1,507,956
nominal amount	€2,078,128,479.43				(1,476,852)

Assets

				2001	2000
		€	€	€	€'000
5. Shares and other non-fixed-interest securities				**2,199,808,069.71**	1,038,514
6. Equity investments				**155,056,264.14**	113,275
including:					
in banks	€25,305,389.53				(25,421)
7. Shares in affiliated companies				**755,359,439.49**	225,703
including:					
in banks	€92,026,004.14				(177,616)
8. Trust assets				**511,291.88**	511
9. Equalisation claims against public authorities					
including bonds and notes issued in substitution thereof				**242,613,100.79**	2,112,471
10. Tangible assets				**48,538,357.96**	39,430
11. Other assets				**299,758,148.82**	146,899
12. Prepaid and accrued income				**281,838,912.06**	341,545
Total assets				**74,405,137,168.39**	71,005,405

Liabilities

			2001	2000
	€	€	€	€'000
1. Due to banks				
a) payable on demand		1,198,726,991.08		1,624,279
b) with agreed maturity or period of notice		27,892,094,186.16	**29,090,821,177.24**	30,567,157
2. Due to customers				
other liabilities				
a) payable on demand		4,577,693,848.50		2,724,228
b) with agreed maturity or period of notice		10,855,628,152.58	**15,433,322,001.08**	8,484,385
3. Securitised liabilities				
bonds and notes issued			**27,060,516,671.40**	24,938,902
4. Trust liabilities			**511,291.88**	511
5. Other liabilities			**225,088,313.89**	327,421
6. Accruals and deferred income			**64,500,824.71**	70,330
7. Provisions				
a) or pensions and similar obligations		114,260,624.06		104,643
b) for taxes		50,210,870.65		57,883
c) other provisions		385,306,934.45	**549,778,429.16**	330,523
8. Special item with partial reserve character			**45,613,476.13**	82,058
9. Subordinated liabilities			**480,135,039.13**	439,543
10. Profit participation capital			**327,329,062.34**	327,329
including:				
due in less than two years €76,693,782.18				(76,694)
11. Fund for general banking risks			**231,100,000.00**	30,000

Liabilities

			2001	2000
	€	€	€	€'000
12. Equity capital				
a) subscribed capital				
aa) subscribed capital	286,323,453.46			286,323
ab) silent capital contributions	300,386,586.02	586,710,039.48		300,179
b) capital reserves		189,366,198.03		189,366
c) reserves form retained earnings				
ca) reserves required by the Bank's statutes	51,283,598.27			51,284
cb) reserves from other earnings	46,155,169.37	97,438,767.64		43,561
d) net income		22,905,876.28	**896,420,881.43**	25,500
Total liabilities			**74,405,137,168.39**	71,005,405
1. Contingent liabilities				
liabilities from guarantees and indemnity agreements			**872,005,943.57**	982,559
2. Other commitments				
irrevocable lending commitments			**3,974,371,332.94**	2,266,029

Profit and Loss Account
from 1 January to 31 December 2001

Expenses and income

			2001	2000
	€	€	€	€'000
1. Interest income from				
a) lending and money market operations	2,674,396,033.34			2,557,345
b) fixed-interest securities and government-inscribed debt	983,858,966.26	3,658,254,999.60		823,807
2. Interest paid		3,511,816,178.18	**146,438,821.42**	3,208,799
3. Current income from				
a) shares and other non-fixed-income securities		30,286,422.47		9,317
b) equity investments		3,111,554.33		1,763
c) shares in affiliated companies		233,563,479.22	**266,961,456.02**	15,361
4. Income from profit pooling, profit transfer				
and partial profit transfer agreements			**187,228,326.45**	194,817
5. Commission income		547,072,023.71		696,841
6. Commission paid		466,527,043.15	**80,544,980.56**	603,112
7. Net income from trading operations			**9,226,398.98**	29,068
8. Other operating income			**179,738,606.96**	184,114
9. Income from dissolution of special item				
with partial reserve character			**36,444,947.41**	33,455
10. General administrative expenses				
a) personnel expenses				
aa) wages and salaries	118,652,105.57			108,091
ab) social security contributions and expenses for				
pensions and other employee benefits	29,441,726.39	148,093,831.96		29,824
including:				
for pensions €13,791,575.05				(16,538)
b) other administrative expenses		332,195,799.65	**480,289,631.61**	303,528
11. Write-downs and value adjustments				
on intangible and tangible fixed assets			**34,032,919.07**	28,038

Expenses and income

			2001	2000
	€	€	€	€'000
12. Other operating expenses			**3,693,321.08**	4,039
13. Write-downs and value adjustments on loans and certain securities as well as allocations to loan loss provisions			**27,070,376.24**	39,404
14. Allocations to fund for general banking risks			**201,100,000.00**	30,000
15. Write-downs and value adjustments on equity investments, shares in affiliated companies and securities treated as fixed assets			**9,177,863.74**	0
16. Income from revaluation of equity investments, shares in affiliated companies and securities treated as fixed assets			**0.00**	1,827
17. Expenses from the assumption of losses			**3,782.94**	0
18. Allocations to special item with partial reserve character			**0.00**	14,735
19. Profit or loss on ordinary activities			**151,215,643.12**	178,145
20. Extraordinary income		0.00		(0)
21. Extraordinary expenses		0.00		(6,135)
22. Extraordinary result			**0.00**	-6,135
23. Taxes on income and revenues			**70,934,773.95**	81,888
24. Income transferred under profit pooling, profit transfer or partial profit transfer agreements			**57,374,992.89**	64,622
25. Net income for the year			**22,905,876.28**	25,500

Notes to the Group Financial Statements and Financial Statements 2001 of DGZ·DekaBank Deutsche Kommunalbank

General information

(1) Compilation of the Financial Statements and Group Financial Statements
The financial statements and Group financial statements for DGZ·DekaBank Deutsche Kommunalbank (DGZ·DekaBank) as at 31 December 2001 have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the Regulation on the Accounting Principles Relating to Credit Institutions and Financial Services Institutions (RechKredV).

The information and explanations in the notes apply to both the financial statements and the Group financial statements of DGZ·DekaBank, except where otherwise stated.

(2) Consolidated companies and consolidation principles
In addition to DGZ·DekaBank as parent company, a total of eleven domestic and eight foreign affiliated companies have been included in the Group accounts. Bürohaus Mainzer Landstraße 16 GmbH & Co. KG, GMS Gebäudemanagement und Service GmbH, DDB Management GmbH and Trianon GmbH, all headquartered in Frankfurt am Main, and Geschäftshaus am Gendarmenmarkt GmbH, headquartered in Berlin, have been consolidated for the first time. Nine additional companies, in which the Bank has either a direct or indirect interest, have not been included in accordance with Section 296, para. 2 HGB, as they are only of minor importance for the net assets, financial situation and earnings of DGZ·DekaBank Group.

The capital consolidation of the affiliated companies is based on the book value method and was effected at the end of the business year (31 December 2001) for the newly consolidated companies. All claims and liabilities between the companies included in the Group accounts have been eliminated in full within the framework of debt consolidation (Section 303 HGB) and expenses and income within the framework of expenses and income consolidation (Section 305 HGB). There are no interim results requiring elimination (Section 304 HGB).

Residual assets and liabilities have been reported under capital. The consolidation balance of €15 million arising from the first year of consolidation in the 2001 business year was offset against reserves in accordance with Section 309 para. 1, sentence 3 HGB. The annual profits of companies consolidated for the first time were neutralised by forming an equalisation item shown under other operating income or expenses.

SOB Beteiligungs GmbH & Co. KG, Frankfurt am Main and Beteiligungsgesellschaft für betriebliche Altersversorgung der Sparkassen-Finanzgruppe mbH, Düsseldorf, have been consolidated for the first time as associated companies, according to the equity method in accordance with Section 311 HGB.

The equity valuation of the associated companies has been effected according to the book value method in accordance with Section 312 para. 1, sentence 1, no. 1 HGB, based on the values stated at the end of the business year (31 December 2001). The item equity investments contains no consolidation balance arising from the first year of consolidation between the book value of the equity investment and the pro-rata equity capital of the associated company.

(3) Consolidated companies in accordance with Section 285 no. 11 and Section 313 para. 2 HGB respectively

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

Subsidiaries

Name, Location	Share of capital	Equity capital [1]	Result [2]
	%	€'000	€'000
Subsidiaries			
Deka Deutsche Kapitalanlagegesellschaft mbH, Frankfurt am Main [4]	100.00	10,225.8	0.0 [3]
Deka Immobilien Investment GmbH, Frankfurt am Main	100.00	10,225.8	0.0 [3]
Deka Investment Management GmbH, Frankfurt am Main	100.00	10,225.8	0.0 [3]
DGZ·DekaBank Grundstücksverwaltungsgesellschaft I			
(GbR), Frankfurt am Main	100.00	19,622.7	1,000.0
DGZ Beteiligungsgesellschaft mbH, Frankfurt am Main	100.00	254.8	6.3
Deutsche Girozentrale International S.A., Luxembourg [5]	100.00	142,958.6	33,800.0
Deka International S.A., Luxembourg	100.00	101,218.7	61,401.0
DekaBank (Luxemburg) S.A., Luxembourg [5]	100.00	47,980.0	14,900.0
Deka(Swiss) Privatbank AG, Zurich	80.00	40,018.2	14,397.5
Deutsche Girozentrale Overseas Limited, Grand Cayman	99.90	8,819.5	389.6
Deka International (Ireland) Ltd., Dublin	100.00	65,502.2	35,414.6
Deutsche Girozentrale Holding S.A., Luxembourg	100.00	4,217.9	94.9
International Fund Management S.A., Luxembourg	98.00	7,309.1	2,783.1
Deka FondsSupport GmbH, Frankfurt am Main	100.00	2,164.5	0.0
Bürohaus Mainzer Landstraße 16 GmbH & Co. KG, Frankfurt am Main	100.00	615,084.1	0.0
Geschäftshaus am Gendarmenmarkt GmbH, Berlin	100.00	615,179.2	0.0 [3]
GMS Gebäudemanagement und Service GmbH, Frankfurt am Main	100.00	1,780.7	109.8
DDB Management GmbH, Frankfurt am Main	100.00	25.3	0.9
Trianon GmbH, Frankfurt am Main	100.00	24.2	0.0

Associated companies

Name, Location	Share of capital	Equity capital 1)	Result 2)
	%	€'000	€'000
Associated companies			
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf	40.00	9,621.2	4,508.3
Beteiligungsgesellschaft für betriebliche Altersversorgung			
der Sparkassen-Finanzgruppe mbH, Düsseldorf	50.00	29,998.4	-1.6
SOB Beteiligungs GmbH & Co. KG, Frankfurt am Main	25.10	153,387.5	-42,685.7
Non-consolidated companies			
Deutsche Landesbankenzentrale AG, Berlin	100.00		
Sparkassen-Vermögensbeteiligungs GmbH, Berlin	100.00		
DGZ·DekaBank Altershilfe GmbH, Frankfurt am Main	100.00		
LBG Leasing Beteiligungs-GmbH, Frankfurt am Main	100.00		
Institut für Automation der deutschen Sparkassen und			
Girozentralen (IfA) GmbH, Frankfurt am Main	100.00		
Europäisches Kommunalinstitut S.A.R.L., Luxembourg	100.00		
Deka Grundstücksgesellschaft mbH, Frankfurt am Main	100.00		
Interspar Verwaltungsgesellschaft S. A., Luxembourg	100.00		
International Asset Management S. A., Luxembourg	100.00		

1) Definition of equity capital in accordance with Section 266 para. 3 A. in conjunction with Section 272 HGB
2) Net income/deficit in accordance with Section 275 para. 2 no. 20 HGB
3) A profit transfer agreement has been concluded with these companies
4) Change of name to Deka Investment GmbH as of 1 January 2002
5) The companies merged to form DekaBank Deutsche Girozentrale Luxembourg S.A. on 1 January 2002

(4) Accounting and valuation methods

The fully assumed assets and debts of the consolidated companies as stated in the financial statements have been reported according to DGZ·DekaBank's standard accounting and valuation methods.

The accounting and valuation of the net assets, liabilities and pending transactions is carried out in accordance with Sections 252 ff. and Sections 340 ff. HGB.

Transfers within the framework of the increased valuation provision according to Section 280 para. 1 HGB have been made.

Claims on banks and customers are reported at their nominal value. Differences between nominal value and amounts payable or acquisition costs are stated under accruals and deferrals and dissolved as scheduled on a pro-rata basis.

Discernible risks in the Bank's lending business have been adequately provided for by individual value adjustments and by provisions. General value adjustments and precautionary reserves in accordance with section 340 f HGB have been sufficiently made to cover latent lending risks. Individual and general value adjustments as well as precautionary reserves have been deducted from the respective asset items.

The securities attributable to the trading portfolio, liquidity reserve and investment portfolio have been valued strictly in accordance with the lower of cost or market principle.

Equity investments and shares in affiliated companies as well as tangible assets are stated at acquisition or production cost less any scheduled depreciation. Where a loss of value is expected to be permanent, they are written down to the lower applicable value. Minor fixed assets according to Section 6 para. 2 of the Income Tax Act (EStG) were fully depreciated in the year of acquisition.

Assets and debts in foreign currency as well as claims and commitments from foreign exchange transactions have been translated and valued according to the regulations contained in Section 340 h HGB. The amounts resulting from the translation of hedged balance sheet items were offset by means of equalisation items. Swap premiums were accrued on a pro-rata basis. Provisions were made for residual valuation losses per currency; residual valuation gains have not been recognised as income.

The translation of the financial statements of Deka(Swiss) Privatbank AG, Zurich, which have been prepared in foreign currency, has been carried out according to the reporting date method. Differences arising from translation are offset against reserves and do not affect consolidated income.

Claims and commitments under derivative financial instruments are valued at market prices unless they actually serve to hedge against market price risks. For unrealised valuation losses, provisions have been made for possible losses from pending transactions. Unrealised valuation gains have not been recognised as income.

Liabilities are shown at redemption value. Any differences between borrowing and redemption values are stated as deferred items and dissolved as scheduled.

Provisions for pensions have been determined on the basis of an actuarial opinion in accordance with the expectancy present value method, taking into account current mortality tables. The indirect pension commitments of DGZ·DekaBank Altershilfe GmbH, Frankfurt am Main, a wholly-owned subsidiary of the Bank, have been calculated following the same procedure. The portion of the commitments not covered by actual assets has been included in the provisions for pensions.

Provisions for taxes and other provisions have been formed in the amount necessary in accordance with the principle of reasonable commercial judgement.

Contingent liabilities not shown in the balance sheet

(5) Letter of comfort

DGZ·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 (until 31 December 2001 known as Deutsche Girozentrale International S.A., Luxembourg)
- Deutsche Girozentrale Holding S.A., Luxembourg
- Deutsche Girozentrale Overseas Limited, Grand Cayman

(6) Other financial commitments

These relate to payment commitments to non-Group or unconsolidated companies amounting to €5 million (previous year: €4m). In addition, there are contingent liabilities under Section 24 of the Companies Act (GmbH-Gesetz) with regard to two limited liability companies.

There is a contingent liability amounting to €21 million (previous year: €20m) to put up additional capital towards the Liquiditäts-Konsortialbank GmbH, Frankfurt am Main and towards the guarantee scheme (Sicherungsreserve) of the Landesbanken/Girozentralen (€6m; previous year: €6m).

Notes to the accounts

(7) Due from banks

	DGZ·DekaBank		Group	
	2001	**2000**	**2001**	**2000**
	€m	**€m**	**€m**	**€m**
This item includes:				
Loans to				
- affiliated companies	508	511	0	0
- companies in which				
an interest is held	3,905	4,869	5,153	5,091
Subordinated loans	5	5	5	5
Sub-item b. – other receivables –				
breaks down as follows by residual term to maturity:				
- less than three months	5,810	6,830	7,061	7,967
- more than three months to one year	2,603	3,207	3,813	3,765
- more than one year to five years	12,221	10,963	12,382	10,930
- more than five years	9,280	8,966	9,298	9,000
	29,914	**29,966**	**32,554**	**31,661**
Used for cover	20,634	20,291	20,634	20,291

(8) Due from customers

This item includes:				
Loans to				
- affiliated companies	35	25	0	0
- companies in which				
an interest is held	18	18	18	18
Subordinated loans	0	0	0	0
This item breaks down as follows by				
residual term to maturity:				
- with indefinite term to maturity	1,724	249	1,725	257
- less than three months	2,000	2,270	3,370	3,485
- more than three months to one year	1,592	973	1,749	1,085
- more than one year to five years	7,127	6,898	7,519	7,394
- more than five years	6,957	6,001	7,563	6,643
	19,400	**16,391**	**21,926**	**18,864**
Used for cover	11,626	10,385	11,626	10,386

(9) Bonds and other fixed-interest securities

	DGZ·DekaBank		Group	
	2001	2000	2001	2000
	€m	€m	€m	€m
This item includes:				
Loans to				
- affiliated companies	0	0	0	0
- companies in which				
an interest is held	5,612	5,637	6,078	5,905
Of the marketable securities included				
in this item, the following are:				
- listed on the stock exchange	14,228	13,941	15,540	14,858
- not listed on the stock exchange	5,130	4,184	5,130	4,220
Due within one year	5,188	7,799	5,632	7,935
Used for cover	5,624	5,198	5,624	5,198

(10) Shares and other non-fixed-interest securities

Of the marketable securities included				
in this item, the following are:				
- listed on the stock exchange	1	1	3	2
- not listed on the stock exchange	1,193	80	1,241	192
Subordinated loans	28	28	28	28

(11) Equity investments

Of the marketable securities included				
in this item, the following are:				
- listed on the stock exchange	1	0	1	0
- not listed on the stock exchange	0	1	0	1

(12) Shares in affiliated companies

As in the previous year, this item does not include any marketable securities.

(13) Trust assets

As in the previous year, all of the trust assets reported relate to non-bank customers.

(14) Equalisation claims agaist public authorities including bonds and notes issued in substitution thereof

As in the previous year, no portion of the equalisation claims has been used as cover. As at 2 January 2001, equalisation claims in a nominal value of €1,787 million were called in and redeemed by issuers.

(15) Tangible assets

The tangible assets of DGZ·DekaBank Group in the 2001 business year were as follows:

DGZ·DekaBank Group

	Cost of acquisition/ production	Additions	Retire- ments	Transfers	Write-ups	Depreciation		Book value	
						accumulated	2001	31.12.01	31.12.00
Assets in €'000									
Equity investments	90,778	1,534	2,539	0	0	0	0	89,773	90,778
Shares in associated companies	22,497	43,437	0	10,063	0	14,981	14,981	61,016	22,497
Shares in affiliated companies	10,480	0	0	-10,063	0	0	0	417	10,483
Securities attributable to fixed assets	21,032	17,294	14,973	0	17	82	80	23,288	19,746
Fixed assets									
- land and buildings including buildings									
on land not owned by us	28,196	636,811	0	0	0	21,495	7,718	643,512	14,419
including:									
premises used for our own									
business activities								(643,512)	(14,419)
- office equipment	134,178	48,404	9,585	0	0	119,792	37,610	53,205	42,450
Total fixed assets	162,374	685,215	9,585	0	0	141,287	45,328	696,717	56,869
Total tangible assets	**307,161**	**747,480**	**27,097**	**0**	**17**	**156,350**	**60,389**	**871,211**	**200,373**

The tangible assets of DGZ·DekaBank in the 2001 business year were as follows:

DGZ·DekaBank

	Cost of acquisition/ production	Additions	Retire- ments	Depreciation		Book value	
				accumulated	2001	31.12.01	31.12.00
Assets in €'000							
Equity investments	113,275	44,971	2,539	10,714	10,714	155,056	113,274
Shares in affiliated companies	225,703	631,752	92,033	0	0	755,359	225,703
Fixed assets							
- land and buildings including buildings							
on land not owned by us	6,300	0	0	2,751	71	3,549	3,620
including:							
premises used for our own							
business activities						(3,549)	(3,620)
- office equipment	92,834	37,103	5,444	79,504	27,660	44,989	35,810
Total fixed assets	99,134	37,103	5,444	82,255	27,731	48,538	39,430
Total tangible assets	**438,112**	**713,826**	**100,016**	**92,969**	**38,445**	**958,953**	**378,407**

(16) Other assets

	DGZ·DekaBank		Group	
	2001	**2000**	**2001**	**2000**
	€m	**€m**	**€m**	**€m**
This item includes:				
- securities and interest due				
from due securities	81	14	81	14
- claims relating to special assets				
(administrative charges)	0	0	64	76
- tax refund claims	41	45	59	57
- foreign currency equalisation items	58	0	58	0
- claims from advance				
corporation tax, capital gains tax and				
solidarity supplement payments	34	17	34	17
- leasing assets	30	36	30	36
- rescue acquisitions	16	16	16	16

(17) Deferred items

This item includes:				
premiums and discounts from				
underwriting and loans business	267	334	267	335

(18) Additional information relating to assets

Assets in foreign currency	5,756	5,530	7,369	6,736
Book value of pledged assets	1,118	3,713	1,118	3,713

(19) Due to banks

This item includes:				
Liabilities to				
- affiliated companies	663	604	0	0
- companies in which				
an interest is held	5,761	6,436	6,894	6,926
Sub-item b. – with agreed maturity or period				
of notice – breaks down as follows by residual				
term to maturity:				
- less than three months	11,698	17,260	14,141	18,238
- more than three months to one year	7,163	4,484	7,622	5,410
- more than one year to five years	5,149	5,461	5,314	5,880
- more than five years	3,882	3,362	3,881	3,362
	27,892	**30,567**	**30,958**	**32,890**

(20) Due to customers

	DGZ·DekaBank		Group	
	2001	**2000**	**2001**	**2000**
	€m	**€m**	**€m**	**€m**
This item includes:				
Liabilities to				
- affiliated companies	92	84	1	0
- companies in which				
an interest is held	0	60	76	60
Sub-item b. – with agreed maturity or period				
of notice – breaks down as follows by residual				
term to maturity:				
- less than three months	2,058	1,063	4,184	1,236
- more than three months to one year	1,087	309	1,279	349
- more than one year to five years	2,853	2,325	2,853	2,325
- more than five years	4,858	4,788	4,858	4,788
	10,856	**8,484**	**13,174**	**8,698**

(21) Securitised liabilities

This item includes:				
Liabilities to				
- affiliated companies	25	17	25	17
- companies in which				
an interest is held	2,588	3,245	2,588	3,245
From sub-item – bonds issued –				
mature within one year	6,070	5,662	6,070	5,662

(22) Trust liabilities

The trust liabilities relate – as in the previous year - in the full amount to non-bank customers.

(23) Other liabilities

This item includes:				
- commission payments to sales outlets	76	89	77	91
- as yet unpaid capital gains tax,				
corporation tax and solidarity supplement	34	17	34	17
- liabilities to custodial account holders	33	0	33	0
- liabilities from delivery and performance	23	31	23	31
- interest payments on profit participation capital	23	23	23	23
- distribution to atypical silent partners	20	21	20	21
- foreign currency equalisation items	0	85	0	85

(24) Accruals and deferred income

	DGZ·DekaBank		Group	
	2001	2000	2001	2000
	€m	€m	€m	€m
This item contains:				
- premiums and discounts from				
issuing and lending business	56	57	58	60
- liabilities from leasing business	6	7	6	7

(25) Special item with partial reserve character

The special item with partial reserve character set up in the previous year pursuant to the requirements to reinstate original values (Section 280 para. 2 HGB in conjunction with Section 52 para. 16 EstG) was dissolved by one-quarter in the business year 2001 at a profit.

(26) Subordinated liabilities

Expenses for subordinated				
liabilities	26	20	26	20
Stated pro-rata interest for				
subordinated liabilities	12	11	12	11

The borrowings break down as follows:	**Currency**	**Amount (m)**	**Interest rate**	**Maturity**
Note	DEM	38	6.75%	10.02.2003
Note	€	100	Euribor 6m	09.06.2010
Note	€	90	Euribor 6m	09.06.2010
Note[1]	€	40	Euribor 6m	09.06.2010
Borrower's note loan	DEM	115	6.80 – 6.95%	08.03.2006
Borrower's note loan	€	85	6.41 – 6.46%	18.05.2012

[1] new borrowings in the business year

The subordinated liabilities comply with the requirements of Section 10 para. 5a of the German Banking Act (KWG). The conversion of these funds into capital or any other form of debt has not been agreed or provided for. There is no obligation on the part of DGZ·DekaBank to make premature repayment.

(27) Equity capital

	DGZ·DekaBank		Group	
	2001	**2000**	**2001**	**2000**
	€m	**€m**	**€m**	**€m**
Subscribed capital	286	286	286	286
Typical silent capital contribution	256	256	256	256
Atypical silent capital contribution	45	43	45	43

Unrealised reserves from share capital were not allocated to the liable equity capital (previous year: €25m).

(28) Additional information relating to liabilities

Foreign currency liabilities	9,316	6,651	11,050	7,762

(29) Cover for mortgage and municipal loan business

Bonds requiring cover				
- bearer instruments	22,775	22,879	22,775	22,879
- registered instruments	10,666	10,165	10,666	10,165
- registered pfandbriefe	10	10	10	10
Total	**33,451**	**33,054**	**33,451**	**33,054**
Assets earmarked as cover				
- public-sector loans				
- to public-sector banks	25,087	24,560	25,087	24,560
- to customers	12,482	10,978	12,482	10,978
- mortgage loans to customers	315	337	315	337
Total	**37,884**	**35,875**	**37,884**	**35,875**
Surplus cover	**4,433**	**2,821**	**4,433**	**2,821**

Notes to the profit and loss account

(30) Classification of income according to regional markets

The income stated in the items

- Interest income
- Current income
- Commission income
- Net income from financial transactions and
- Other operating income

was as follows:

	DGZ·DekaBank		Group	
	2001	2000	2001	2000
	%	%	%	%
Domestic income	85	91	84	82
Foreign income	15	9	16	18

(31) Write-downs and value adjustments on intangible and tangible fixed assets

Of the amount stated, €6 million (previous year: €8m) relates to leasing business.

(32) Other operating income

Other operating income of DGZ·DekaBank Group consists mainly of €21 million from rental income, €15 million from the release of provisions and €9 million from leasing business.

Other operating income of DGZ·DekaBank consists mainly of €139 million from charges, €9 million from leasing business and €9 million from the release of provisions.

(33) Other operating expenses

Other operating expenses of DGZ·DekaBank Group consist of other taxes amounting to approximately €7 million.

Other operating expenses of DGZ·DekaBank consist of other taxes amounting to approximately €1 million.

Off-balance sheet transactions

(34) Off-balance sheet transactions

At the balance sheet date, outstanding forward transactions (Section 36 RechKredV) of DGZ·DekaBank Group and DGZ·DekaBank were as follows.

Credit equivalent amounts have been calculated according to the market valuation method, taking into account the credit-based weighting factors in accordance with Equity Capital Principle 1.

(35) Off-balance sheet transactions DGZ·DekaBank Group

Group: derivative transactions – volumes –

	Nominal values		Credit risk equivalents	Replacement costs
	31.12.2001	**31.12.2000**	**31.12.2001**	**31.12.2001**
	€m	**€m**	**€m**	**€m**
Interest rate risks				
Interest rate swaps	38,309.9	26,950.7	166.1	594.9
Forward rate agreements	900.0	2,500.0	0.2	1.3
Interest rate options				
- purchases	823.6	465.2	7.1	1.8
- sales	60.0	171.0	–	–
Caps, floors	127.8	127.8	0.1	0.0
Stock market contracts	351.1	452.4	–	–
Other interest rate forward transactions	2,924.5	914.6	52.5	215.2
Total interest rate risks	**43,496.9**	**31,581.7**	**226.0**	**813.2**
Currency risks				
Forward exchange transactions	13,854.3	7,978.5	100.9	179.2
Currency swaps, interest rate currency swaps	299.2	247.4	5.8	7.8
Currency options				
- purchases	311.5	118.3	1.3	3.3
- sales	162.4	125.9	–	–
Total currency risks	**14,627.4**	**8,470.1**	**108.0**	**190.3**
Share and other price risks				
Share forward transactions	649.8	396.4	18.2	5.9
Share options				
- purchases	13.6	3.2	0.7	0.6
- sales	39.7	130.7	–	–
Other forward transactions	20.2	54.5	0.5	1.1
Total share and other price risks	**723.3**	**584.8**	**19.4**	**7.6**
Total	**58,847.6**	**40,636.6**	**353.4**	**1,011.1**

Group: derivative transactions – classification by maturities (nominal values) –

	Interest rate risks		Currency risks		Share and other price risks	
	31.12.2001	31.12.2000	31.12.2001	31.12.2000	31.12.2001	31.12.2000
	€m	€m	€m	€m	€m	€m
Residual terms to maturity						
- less than three months	11,177.3	8,012.7	11,127.2	5,549.5	283.6	520.8
- more than three months to one year	6,225.1	4,092.8	2,931.8	2,633.4	434.7	64.0
- more than one year to five years	11,818.1	10,880.4	326.9	55.6	5.0	0.0
- more than five years	14,276.4	8,595.8	241.5	231.6	0.0	0.0
Total	**43,496.9**	**31,581.7**	**14,627.4**	**8,470.1**	**723.3**	**584.8**

Group: derivative transactions – classification by counterparties –

	Nominal values		Credit risk equivalents	Replacement costs
	31.12.2001	31.12.2000	31.12.2001	31.12.2001
	€m	€m	€m	Mio EUR
Banks in OECD countries	53,384.9	36,174.0	276.3	940.9
OECD public-sector entities	351.1	452.3	0.0	0.0
Other counterparties	5,111.7	4,010.3	77.1	70.2
Total	**58,847.7**	**40,636.6**	**353.4**	**1,011.1**

Group: derivative transactions – trading operations –

	Nominal values		Credit risk equivalents	Replacement costs
	31.12.2001	31.12.2000	31.12.2001	31.12.2001
	€m	€m	€m	Mio EUR
Interest rate contracts	15,109.2	12,219.9	43.6	144.6
Currency contracts	2,080.3	123.7	15.5	17.7
Share contracts	5.0	6.3	0.0	0.0
Total	**17,194.5**	**12,349.9**	**59.1**	**162.3**

(36) Off-balance sheet transactions DGZ·DekaBank

DGZ·DekaBank: derivative transactions – volumes –	Nominal values		Credit risk equivalents	Replacement costs
	31.12.2001	31.12.2000	31.12.2001	31.12.2001
	€m	€m	€m	€m
Interest rate risks				
Interest rate swaps	36,488.9	26,232.9	163.9	586.9
Forward rate agreements	900.0	2,500.0	0.2	1.3
Interest rate options				
- purchases	1,053.8	577.2	8.3	4.4
- sales	60.0	171,1	–	–
Caps, floors	127.8	127.8	0.1	0.0
Stock market contracts	351.1	452.4	–	–
Other interest rate forward transactions	3,064.5	988.1	53.1	216.7
Total interest rate risks	**42,046.1**	**31,049.5**	**225.6**	**809.3**
Currency risks				
Forward exchange transactions	9,606.6	6,779.3	79.5	139.7
Currency swaps, interest rate currency swaps	299.2	247.4	5.8	7.8
Currency options				
- purchases	311.5	118.3	1.3	3.3
- sales	162.4	125.9	–	–
Total currency risks	**10,379.7**	**7,270.9**	**86.6**	**150.8**
Share and other price risks				
Share forward transactions	984.5	471.8	22.2	5.9
Share options				
- purchases	36.3	53.3	1.2	1.7
- sales	39.7	130.7	–	–
Other forward transactions	20.2	54.5	0.5	1.1
Total share and other price risks	**1,080.7**	**710.3**	**23.9**	**8.7**
Total	**53,506.5**	**39,030.7**	**336.1**	**968.8**

DGZ·DekaBank: derivative transactions – classification by maturities (nominal values) –

	Interest rate risks		Currency risks		Share and other price risks	
	31.12.2001	31.12.2000	31.12.2001	31.12.2000	31.12.2001	31.12.2000
	€m	€m	€m	€m	€m	€m
Residual terms to maturity						
- less than three months	11,177.4	7,870.3	8,136.7	5,549.5	641.0	641.7
- more than three months to one year	4,884.1	3,750.2	1,790.3	1,464.0	434.7	68.6
- more than one year to five years	11,571.9	10,751.8	211.2	25.8	5.0	0.0
- more than five years	14,412.7	8,677.2	241.5	231.6	0.0	0.0
Total	**42,046.1**	**31,049.5**	**10,379.7**	**7,270.9**	**1,080.7**	**710.3**

DGZ·DekaBank: derivative transactions – classification by counterparties –

	Nominal values		Credit risk equivalents	Replacement costs
	31.12.2001	31.12.2000	31.12.2001	31.12.2001
	€m	€m	€m	€m
Banks in OECD countries	48,747.6	34,668.4	266.0	904.7
OECD public-sector entities	351.1	452.4	0.0	0.0
Other counterparties	4,407.7	3,909.9	70.1	64.1
Total	**53,506.4**	**39,030.7**	**336.1**	**968.8**

DGZ·DekaBank: derivative transactions – trading operations –

	Nominal values		Credit risk equivalents	Replacement costs
	31.12.2001	31.12.2000	31.12.2001	31.12.2001
	€m	€m	€m	€m
Interest rate contracts	15,109.2	12,219.9	43.6	144.6
Currency contracts	684.3	123.7	1.9	4.7
Share contracts	5.0	6.2	0.0	0.0
Total	**15,798.5**	**12,349.8**	**45.5**	**149.3**

Other information

(37) Average number of staff

	DGZ·DekaBank		Group	
Number	**2001**	**2000**	**2001**	**2000**
Full-time	1,853	1,509	2,901	2,429
Part-time/temporary	142	128	192	187
	1,995	**1,637**	**3,093**	**2,616**

(38) Remuneration of Board Members

	DGZ·DekaBank		Group	
	2001	**2000**	**2001**	**2000**
	€	**€**	**€**	**€**
Remuneration of current board members				
Board of Management	4,276,526.32	2,938,814.52	4,464,585.87	3,112,919.94
Supervisory Board	605,573.54	560,859.07	609,834.31	567,948.98
Remuneration paid to former board members				
and surviving dependants				
Board of Management	600,095.55	604,921.60	642,751.60	620,899.47
Provisions for pension liabilities				
for these persons	3,817,770.90	7,990,675.57	5,368,652.10	7,990,675.57

(39) Loans to executive bodies

	Board of Management		Supervisory Board	
	2001	**2000**	**2001**	**2000**
	€	**€**	**€**	**€**
Advances and loans	301,586.80	405,439.42	882,115.59	6,134,889.53
Contingent liabilities	0.00	0.00	0.00	0.00

Membership of Supervisory Boards

(40) Membership of Supervisory Boards (as of March 2002)

Axel Weber

Chairman of the Supervisory Board
DekaBank Deutsche Girozentrale
Luxembourg S. A., Luxembourg

Chairman of the Supervisory Board
Liquiditäts-Konsortialbank GmbH
Frankfurt am Main

Chairman of the Supervisory Board
Deka Investment GmbH
Frankfurt am Main

Deputy Chairman of the Supervisory Board
Deka Immobilien Investment GmbH
Frankfurt am Main

Deputy Chairman of the Supervisory Board
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf

Member of the Supervisory Board
Deka(Swiss) Privatbank AG, Zurich

Member of the Supervisory Board
Swissca Holding AG, Zurich

Chairman of the Advisory Council
Diersch & Schröder GmbH & Co.
Bremen

Deputy Chairman of the Advisory Council, OAS O.A. Schwimmbeck GmbH, Bremen

Member of the Advisory Council
VÖB-Service GmbH, Bonn

Dr Dieter Goose

Chairman of the Supervisory Board
Deka Immobilien Investment GmbH
Frankfurt am Main

Deputy Chairman of the Supervisory Board
Deutsche Landesbankenzentrale AG
Berlin

Member of the Supervisory Board
WestInvest Gesellschaft für Investmentfonds mbH
Düsseldorf

Member of the Supervisory Board
Deutsche Girozentrale Holding S.A.
Luxembourg

Member of the Supervisory Board
Deutsche Girozentrale Overseas Ltd.
Grand Cayman

Member of the Supervisory Board
Société de Gestion d´Europe Obligations S. A.
Luxembourg

Hans-Jürgen Gutenberger

Chairman of the Supervisory Board
Deka Investment Management GmbH
Frankfurt am Main

Chairman of the Supervisory Board
Beteiligungsgesellschaft für betriebliche Altersversorgung der Sparkassen-Finanzgruppe mbH
Düsseldorf

Chairman of the Supervisory Board
Sparkassen Pensionsfonds AG
Düsseldorf

Chairman of the Supervisory Board
Sparkassen Pensionskasse AG
Düsseldorf

President of the Supervisory Board
Deka(Swiss) Privatbank AG
Zurich

Member of the Supervisory Board
DekaBank Deutsche Girozentrale
Luxembourg S. A.
Luxembourg

Fritz Oelrich

Member of the Supervisory Board
Deka Investment GmbH
Frankfurt am Main

Member of the Supervisory Board
Beteiligungsgesellschaft für betriebliche Altersversorgung der Sparkassen-Finanzgruppe mbH
Düsseldorf

Member of the Supervisory Board
Sparkassen Pensionsfonds AG
Düsseldorf

Member of the Supervisory Board
Sparkassen Pensionskasse AG
Düsseldorf

Member of the Supervisory Board
med.eon AG
Leinfelden

Hans-Joachim Reichert

Chairman of the Supervisory Board
Deutsche Girozentrale Holding S. A.
Luxembourg

Chairman of the Supervisory Board
Deutsche Girozentrale Overseas Ltd.
Grand Cayman

Deputy Chairman of the Supervisory Board
DekaBank Deutsche Girozentrale Luxembourg S. A.
Luxembourg

Deputy Chairman of the Supervisory Board
Deka Investment Management GmbH
Frankfurt am Main

Deputy Chairman of the Supervisory Board
Deka Investment GmbH
Frankfurt am Main

Member of the Supervisory Board
Deutsche Landesbankenzentrale AG
Berlin

Member of the Supervisory Board
FBF Fördergesellschaft für Börsen und Finanzmärkte in Mittel- und Osteuropa mbH
Frankfurt am Main

Dr Bernhard Steinmetz

Chairman of the Supervisory Board
Deutsche Landesbankenzentrale AG
Berlin

Chairman of the Supervisory Board
DGZ·DekaBank Altershilfe GmbH
Frankfurt am Main

Chairman of the Supervisory Board
Deka International (Ireland) Ltd.
Dublin

Deputy Chairman of the Supervisory Board
S-Broker AG
Frankfurt am Main

Member of the Supervisory Board
Deka Immobilien Investment GmbH
Frankfurt am Main

Member of the Supervisory Board
Deka Investment Management GmbH
Frankfurt am Main

Member of the Supervisory Board
Havelländische Stadtwerke GmbH
Werder/Havel

Corporate Bodies of DGZ·DekaBank

(41) Corporate Bodies of DGZ·DekaBank (as of March 2002)

Board of Management

Manfred Zaß
Chairman
(to 31.01.2002)

Axel Weber
Deputy Chairman
(to 31.01.2002)
Chairman
(from 01.02.2002)

Dr Dieter Goose
Member

Hans-Jürgen Gutenberger
Member

Fritz Oelrich
Member

Hans-Joachim Reichert
Member

Dr Bernhard Steinmetz
Member

Supervisory Board

Dr Dietrich H. Hoppenstedt
Chairman
President of the German Savings Banks and Giro Association (DSGV e.V.)

Dr h.c. Friedel Neuber
(to 31.08.2001)
First Deputy Chairman
Chairman of the Board of Management of WestLB Westdeutsche Landesbank Girozentrale

Jürgen Sengera
(from 01.09.2001)
First Deputy Chairman
Chairman of the Board of Management of WestLB Westdeutsche Landesbank Girozentrale

Heinrich Haasis
Second Deputy Chairman
President of the Savings Banks Association of Baden-Württemberg

Dr h.c. Klaus G. Adam
Chairman of the Board of Management of LRP Landesbank Rheinland-Pfalz

Dr Stephan Articus
Managing Member of the Executive Committee of the Federation of German Municipalities

Dr Hans-Henning Becker-Birck
(to 31.12.2001)
Managing Member of the Executive Committee of the Federation of German Districts

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

Dr h.c. Manfred Bodin
Chairman of the Board of Management of NORD/LB Norddeutsche Landesbank Girozentrale

Gregor Böhmer
Managing President of the Savings Banks and Giro Association of Hesse-Thuringia

Ulf-Wilhelm Decken
(to 08.03.2001)
Chairman of the Board of Management of LandesBank Berlin – Girozentrale –

Hermann Gelsen
Employee representative
DGZ·DekaBank Deutsche
Kommunalbank

Dr Rolf Gerlach
President of the Savings Banks and
Giro Association of Westfalen-Lippe

Dr Max Häring
(from 01.02.2001)
Chairman of the Board of
Management of Landesbank Saar
Girozentrale

Dr Peter Haßkamp
Chairman of the Board of
Management of Bremer Landesbank
Kreditanstalt Oldenburg
– Girozentrale –

Prof Dr Hans-Günter Henneke
(from 01.01.2002)
Managing Member of the Executive
Committee of the Federation of
German Districts

Peter Krakow
Chairman of the Board of
Management of Stadt- und
Kreissparkasse Leipzig

Alfred H. Lehner
(to 31.05.2001)
Chairman of the Board of
Management of Bayerische
Landesbank Girozentrale

Ernst Lenz
(to 31.01.2001)
Chairman of the Board of
Management of Landesbank Saar
Girozentrale

Dr Hans Lukas
Chairman of the Board of
Management of Sparkasse Stormarn

Dr Günther Merl
(from 01.07.2001)
Chairman of the Board of
Management of Landesbank
Hessen-Thüringen Girozentrale

Dr Siegfried Naser
Managing President of the Savings
Banks Association of Bavaria

Norbert Pawlowski
(from 01.06.2001)
Member of the Board of Management
of LandesBank Berlin – Girozentrale –

Dr Harald Quensen
Chairman of the Board of
Management of Stadtsparkasse
Hannover

Siegfried Ratz
Employee representative
DGZ·DekaBank Deutsche
Kommunalbank

Dr Dietrich Rümker
Chairman of the Board of
Management of Landesbank
Schleswig-Holstein Girozentrale

Hans Dietmar Sauer
(from 01.03.2001)
Chairman of the Board of
Management of Landesbank
Baden-Württemberg

Walter Schäfer
(to 30.06.2001)
Chairman of the Board of
Management of Landesbank
Hessen-Thüringen Girozentrale

Werner Schmidt
(from 01.06.2001)
Chairman of the Board of
Management of Bayerische
Landesbank Girozentrale

Gustav Adolf Schröder
Chairman of the Board of
Management of Stadtsparkasse Köln

Dr Friedhelm Steinberg
Deputy Chairman of the Board of
Management of Hamburger Sparkasse

Hans Otto Streuber
President of the Savings Banks and
Giro Association of Rheinland-Pfalz

Alexander Stuhlmann
Chairman of the Board of
Management of Hamburgische
Landesbank – Girozentrale –

Heribert Thallmair
President of the German Cities' and
Towns' Association

Karl-Heinz Trautmann
President of the Savings Banks and
Giro Association Saar

Dr Michael Weiss
Chairman of the Board of
Management of Sachsen LB
Landesbank Sachsen Girozentrale

Frankfurt am Main, 19 March 2002

DGZ·DekaBank
Deutsche Kommunalbank

Board of Management

Weber Dr Goose Gutenberger Oelrich Reichert Dr Steinmetz

Certificate of Audit

"Auditors' report

We have audited the financial statements, including the accounts, and the consolidated financial statements of DGZ·DekaBank Deutsche Kommunalbank (DGZ·DekaBank), Berlin/Frankfurt am Main, and the consolidated notes to the accounts, together with the consolidated management report for DGZ·DekaBank and the Group for the financial year from 1 January to 31 December, 2001. The preparation and presentation of these documents as laid down by German commercial regulations and the supplementary regulations contained in the Bank's statutes are the responsibility of the Board of Management of DGZ·DekaBank. It is our responsibility to form an opinion, based on our audit, on the financial statements, including the accounts, and on the consolidated financial statements and the consolidated management report.

We conducted our audit of the financial statements and consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB) and with German Auditing Standards issued by the German Institute of Auditors (IDW). These standards require our audit to be planned and performed in such a way as to permit us to determine with sufficient certainty whether the state of affairs of the Group's assets, financial position and income as contained in the financial statements and consolidated financial statements drawn up in compliance with generally accepted accounting principles and in the consolidated management report are free from material misstatement. In forming our opinion, we take into account the information on the business operations and on the economic and legal affairs of DGZ·DekaBank and the Group as well as the possibility of irregularities or errors. The audit includes evaluation, on a test basis, of the effectiveness of accounting-related internal monitoring systems and of evidence relevant to the amounts and disclosures in the accounts, financial statements and consolidated financial statements and consolidated management report. For the financial statements, the audit includes evaluation of the accounting principles applied and for the consolidated financial statements, evaluation of the financial statements of the consolidated companies, the differentiation of the consolidated companies and the accounting and consolidation principles applied, as well as in both cases the evaluation of the main opinions of the Board of Management of DGZ·DekaBank and the appreciation of the financial statements and the consolidated financial statements as well as the consolidated management report as a whole. We are of the opinion that our audit represents a sufficiently sound basis for our assessment.

Our audit gave rise to no objections.

In our opinion, the financial statements and consolidated financial statements comply with generally accepted accounting principles and give a true and fair view of the state of affairs of the assets, financial position and income of DGZ·DekaBank and the Group. The consolidated management report gives an overall accurate presentation of the state of affairs of DGZ·DekaBank and the Group and of the risks of future business developments."

Frankfurt am Main, 20 March 2002

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Kütter)	(Busch)
Auditor	Auditor

d e f
c
b
d e f
c
b
c b

Shareholders, Associated Companies and Committees

Shareholders of DGZ·DekaBank

Landesbank Baden-Württemberg	8.01%
WestLB Westdeutsche Landesbank Girozentrale	7.30%
LRP Landesbank Rheinland-Pfalz	5.95%
Landesbank Hessen-Thüringen Girozentrale	5.28%
Niedersächsische Bank GmbH – Expo Bank	4.80%
Landesbank Schleswig-Holstein Girozentrale	4.11%
Hamburgische Landesbank – Girozentrale –	3.33%
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –	2.78%
Landesbank Saar Girozentrale (of which 1.36% held indirectly through BVMS GmbH)	2.58%
NORD/LB Norddeutsche Landesbank Girozentrale	2.30%
LandesBank Berlin – Girozentrale –	1.99%
Bayerische Landesbank Girozentrale (held indirectly through BVMS GmbH)	1.36%
Sachsen LB Landesbank Sachsen Girozentrale	0.21%

DSGV ö.K. 50.00%

Savings Banks Association of Baden-Württemberg	15.41%
Savings Banks and Giro Association of the Rhineland	13.12%
Savings Banks and Giro Association of Lower Saxony	12.92%
Savings Banks Association of Bavaria	12.62%
Savings Banks and Giro Association of Westfalen-Lippe	12.35%
Savings Banks and Giro Association of Hesse-Thuringia	11.62%
Savings Banks and Giro Association of Rheinland-Pfalz	6.41%
Savings Banks Association of Berlin	3.79%
East German Savings Banks and Giro Association	3.66%
Savings Banks and Giro Association for Schleswig-Holstein	3.56%
Savings Banks and Giro Association Saar	2.74%
Hanseatic Savings Banks and Giro Association	1.80%

Subsidiaries and Associated Companies of DGZ·DekaBank (as of April 2002)

Investment Companies	Banks	Other
Deka Investment GmbH, Frankfurt am Main 100%	DekaBank Deutsche Girozentrale Luxembourg S. A., Luxembourg 100%	Deka FondsSupport GmbH*, Frankfurt am Main 100%
Deka Immobilien Investment GmbH, Frankfurt am Main 100%	Deka(Swiss) Privatbank AG, Zurich 80%	GMS Gebäudemanagement und Service GmbH, Frankfurt am Main 100%
Deka International S. A., Luxembourg 100%	Liquiditäts-Konsortialbank GmbH, Frankfurt am Main 2.1%	DGZ·DekaBank-Altershilfe GmbH, Frankfurt am Main 100%
Deka International (Ireland) Ltd., Dublin 100%		Deutsche Girozentrale Overseas Ltd.*, Grand Cayman 99.9%
International Fund Management S. A., Luxembourg 98%		DGZ·DekaBank Grundstücks-verwaltungsgesellschaft I (GbR), Frankfurt am Main 100%
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf 40%		Deka Grundstücksgesellschaft mbH, Frankfurt am Main 100%
Eufigest S. A., Luxembourg 23.7%		Beteiligungsgesellschaft für betriebliche Altersversorgung der Sparkassen-Finanzgruppe mbH, Düsseldorf 50%
Société de Gestion de CDC Euro Obligations S. A., Luxembourg 12.5%		S-Broker AG*, Duisburg 23.7%
Swissca Holding AG, Berne 9.9%		DPG Deutsche Performance-messungs-Gesellschaft mbH, Frankfurt am Main 10%
Erste-Sparinvest Kapital-anlagegesellschaft mbH, Vienna 2.9%		

The Group has further holdings which are, however, of minor significance.

* The shares are held indirectly.

Supervisory Board of DGZ·DekaBank
(as of March 2002)

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 Presidential Committee

Dr h.c. Friedel Neuber
First Deputy Chairman
(to 31.08.2001)
Chairman of the Board of Management of WestLB Westdeutsche Landesbank Girozentrale, Düsseldorf
First Deputy Chairman of the Presidential Committee
(to 31.08.2001)

Jürgen Sengera
First Deputy Chairman
(from 14.09.2001)
Chairman of the Board of Management of WestLB Westdeutsche Landesbank Girozentrale, Düsseldorf
Member of the Supervisory Board and the Presidential Committee
(01.09.2001 to 13.09.2001)
First Deputy Chairman of the Presidential Committee
(from 14.09.2001)

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

Representatives elected by the General Meeting of Shareholders

Dr h.c. Klaus G. Adam
Chairman of the Board of Management of LRP Landesbank Rheinland-Pfalz, Mainz

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

Dr h.c. Manfred Bodin
Chairman of the Board of Management of NORD/LB Norddeutsche Landesbank Girozentrale, Hanover
Member of the Presidential Committee

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

Ulf-Wilhelm Decken
Chairman of the Board of Management of LandesBank Berlin – Girozentrale –, Berlin
(to 08.03.2001)

Dr Rolf Gerlach
President of the Savings Banks and Giro Association of Westfalen-Lippe, Münster
Member of the Presidential Committee

Dr Max Häring
Chairman of the Board of Management of Landesbank Saar Girozentrale, Saarbrücken
(from 01.02.2001)

Dr Peter Haßkamp
Chairman of the Board of Management of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen

Peter Krakow
Chairman of the Board of Management of Stadt- und Kreissparkasse Leipzig, Leipzig

Alfred H. Lehner
Chairman of the Board of Management of Bayerische Landesbank Girozentrale, Munich
(to 31.05.2001)

Ernst Lenz
Chairman of the Board of Management of Landesbank Saar Girozentrale, Saarbrücken
(to 31.01.2001)

Dr Hans Lukas
Chairman of the Board of Management of Sparkasse Stormarn, Bad Oldesloe

Dr Günther Merl
Chairman of the Board of Management of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main
(from 01.07.2001)
Member of the Presidential Committee (from 01.07.2001)

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

Norbert Pawlowski
Member of the Board of Management of LandesBank Berlin – Girozentrale –, Berlin
(from 01.06.2001)

Dr Harald Quensen
Chairman of the Board of Management of Stadtsparkasse Hannover, Hanover

Dr Dietrich Rümker
Chairman of the Board of Management of Landesbank Schleswig-Holstein Girozentrale, Kiel

Hans Dietmar Sauer
Chairman of the Board of Management of Landesbank Baden-Württemberg, Stuttgart
(from 01.03.2001)
Member of the Presidential Committee (from 10.03.2001)

Walter Schäfer
Chairman of the Board of Management of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main
(to 30.06.2001)
Member of the Presidential Committee (to 30.06.2001)

Werner Schmidt
Chairman of the Board of Management of Bayerische Landesbank Girozentrale, Munich
(from 01.06.2001)

Gustav Adolf Schröder
Chairman of the Board of Management of Stadtsparkasse Köln, Cologne
Member of the Presidential Committee

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

Hans Otto Streuber
President of the Savings Banks and Giro Association of Rheinland-Pfalz, Mainz

Alexander Stuhlmann
Chairman of the Board of Management of Hamburgische Landesbank – Girozentrale –, Hamburg

Karl-Heinz Trautmann
President of the Savings Banks and Giro Association Saar, Saarbrücken

Dr Michael Weiss
Chairman of the Board of Management of Sachsen LB Landesbank Sachsen Girozentrale, Leipzig

Representatives of the Federal Association of Municipal Umbrella Organisations (in an advisory capacity)

Dr Stephan Articus
Managing Member of the Executive Committee of the Federation of German Municipalities, Cologne

Dr Hans-Henning Becker-Birck
Managing Member of the Executive Committee of the Federation of German Districts, Berlin
(to 31.12.2001)

Prof Dr Hans-Günter Henneke
Managing Member of the Executive Committee of the Federation of German Districts, Berlin
(from 01.01.2002)

Heribert Thallmair
Mayor of the City of Starnberg and President of the German Cities' and Towns' Association, Berlin

Employee Representatives appointed by the Personnel Council

Hermann Gelsen
DGZ·DekaBank Deutsche Kommunalbank, Frankfurt am Main

Siegfried Ratz
DGZ·DekaBank Deutsche Kommunalbank, Frankfurt am Main

End of the term of office:
31 December 2003

Board of Management

Axel Weber
Chairman
(from 01.02.2002)
Deputy Chairman
(to 31.01.2002)

Manfred Zaß
Chairman
(to 31.01.2002)

Dr Dieter Goose

Hans-Jürgen Gutenberger

Fritz Oelrich

Hans-Joachim Reichert

Dr Bernhard Steinmetz

Executive Managers

Claus-Dieter Homann

Rainer Mach
(to 30.09.2001)

Osvin Nöller

Gerhard Reidel

Gerhard Schleif
(to 31.01.2001)

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

Dr Heinrich Kock,
Ministerial Councillor
Federal Ministry of Finance, Berlin

Deputy State Commissioner

Dietmar Thorand,
Ministerial Councillor
Federal Ministry of Finance, Berlin
(to 30.04.2001)

Dr Wolfgang Glomb,
Ministerial Councillor
Federal Ministry of Finance, Berlin
(01.06. to 31.10.2001)

Heinjörg Herrmann,
Regierungsdirektor
Federal Ministry of Finance, Berlin
(from 01.11.2001)

Fund-related Committees

Investment Fund Committee of DGZ·DekaBank (as of March 2002)

Gerhard Roggemann
Chairman
Member of the Board of Management of WestLB Westdeutsche Landesbank Girozentrale, Düsseldorf

Jürgen Teufel
Deputy Chairman
Chairman of the Board of Management of Kreissparkasse Calw, Calw

Members

Alfred Bomhard
Chairman of the Board of Management of Stadt- und Kreissparkasse Erlangen, Erlangen

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

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

Wolfgang Daum
Chairman of the Board of Management of Sparkasse Pforzheim, Pforzheim

Dr Norbert Emmerich
Chairman of the Board of Management of Sparkasse Münsterland Ost, Münster

Klaus-Dieter Gröb
Chairman of the Board of Management of Sparkasse Wetterau, Friedberg

Dr Peter Kahn
Deputy Chairman of the Board of Management of Bayerische Landesbank Girozentrale, Munich

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

Hans-Jürgen Klumpp
Member of the Board of Management of Sachsen LB Landesbank Sachsen Girozentrale, Leipzig

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

Axel Kraft
Member of the Board of Management of Kreissparkasse Köln, Cologne

Dipl.-Kfm. Uwe Kruschinski
Member of the Board of Management of Hamburgische Landesbank – Girozentrale –, Hamburg

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

Hans-Joachim Naumann
Deputy Chairman of the Board of Management of Sparkasse Mittelhaardt-Deutsche Weinstraße, Neustadt an der Weinstraße

Wolfgang Pötschke
Member of the Board of Management of Sparkasse zu Lübeck, Lübeck

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

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

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

Franz Sales Waas
Member of the Board of Management of Landesbank Schleswig-Holstein Girozentrale, Kiel

Prof Dr Hans Waschkowski
Member of the Board of Management of Landesbank Baden-Württemberg, Stuttgart

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

Extraordinary member

Thomas Mang
Managing Member of the Executive Committee of the German Savings Banks and Giro Association (DSGV e.V.), Berlin

End of the term of office:
31 December 2003

Fund Sales Advisory Council of DGZ·DekaBank (as of March 2002)

Gerhard Roggemann
Chairman
Member of the Board of Management of WestLB Westdeutsche Landesbank Girozentrale, Düsseldorf

Jürgen Teufel
Deputy Chairman
Chairman of the Board of Management of Kreissparkasse Calw, Calw

Members

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

Alfred Bomhard
Chairman of the Board of Management of Stadt- und Kreissparkasse Erlangen, Erlangen

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

Winfried Drewes
Member of the Board of Management of Stadtsparkasse Köln, Cologne

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

Dr Johannes Evers
Member of the Board of Management of LandesBank Berlin – Girozentrale –, Berlin

Dr Peter Friggemann
Member of the Board of Management of Sparkasse Osnabrück, Osnabrück

Volker Groß
Chairman of the Board of Management of Sparkasse Neunkirchen, Neunkirchen

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

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

Klaus Haubner
Chairman of the Board of Management of Sparkasse Villingen-Schwenningen, Villingen-Schwenningen

Roland Hemmerich
Member of the Board of Management of Frankfurter Sparkasse, Frankfurt am Main

Alfons Klein
Chairman of the Board of Management of Kreissparkasse Saarlouis, Saarlouis

Dr Peter Knoll
Member of the Board of Management of Sparkasse zu Lübeck, Lübeck

Helmut Kruse
Chairman of the Board of Management of Sparkasse Detmold, Detmold

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

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

Wolfgang Reichert
Chairman of the Board of Management of Sparkasse Gera-Greiz, Gera

Dr Helmut Ewald Ross
Chairman of the Board of Management of Sparkasse Koblenz, Koblenz

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

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

Detlef Sternberg
Chairman of the Board of Management of Kreissparkasse Pinneberg, Pinneberg

Herbert Süß
Chairman of the Board of Management of Stadtsparkasse Dresden, Dresden

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

Dr Herbert Wieneke
Deputy Chairman of the Board of Management of Die Sparkasse Bremen, Bremen

Further members

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

Günter Kreher
Chairman of the Board of Management of Landesbausparkasse Baden-Württemberg, Stuttgart

Thomas Mang
Managing Member of the Executive Committee of the German Savings Banks and Giro Association (DSGV e.V.), Berlin

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

End of the term of office:
31 December 2004

Regional Fund Committees for Savings Banks (Term of office 2001 – 2004)

Regional Fund Committee for Savings Banks Centre I

Sparkasse Aachen, Aachen
Sparkasse Mittelhaardt-Deutsche Weinstraße, Bad Dürkheim
Sparkasse Bad Hersfeld-Rotenburg, Bad Hersfeld
TaunusSparkasse, Bad Homburg
Sparkasse Rhein-Nahe, Bad Kreuznach
Sparkasse Bonn, Bonn
Kreissparkasse Köln, Cologne
Sparkasse Darmstadt, Darmstadt
Sparkasse Düren, Düren
Kreissparkasse Düsseldorf, Düsseldorf
Stadtsparkasse Düsseldorf, Düsseldorf
Sparkasse Erfurt, Erfurt
Kreissparkasse Heinsberg, Erkelenz
Kreissparkasse Euskirchen, Euskirchen
Sparkasse Wetterau, Friedberg
Sparkasse Fulda, Fulda
Sparkasse Gießen, Gießen
Kreissparkasse Groß-Gerau, Groß-Gerau
Sparkasse Dieburg, Groß-Umstadt
Stadt- und Saalkreissparkasse Halle, Halle
Sparkasse Hanau, Hanau
Kasseler Sparkasse, Kassel
Sparkasse Waldeck-Frankenberg, Korbach
Sparkasse Krefeld, Krefeld
Sparkasse Südliche Weinstraße in Landau i.d.Pfalz, Landau
Sparkasse Leverkusen, Leverkusen
Stadtsparkasse Ludwigshafen, Ludwigshafen
Stadtsparkasse Magdeburg, Magdeburg
Sparkasse Mainz, Mainz
Sparkasse Marburg-Biedenkopf, Marburg
Rhön-Rennsteig-Sparkasse, Meiningen
Kreissparkasse Schwalm-Eder, Melsungen
Sparkasse Mülheim an der Ruhr, Mülheim
Sparkasse Neuss, Neuss
Sparkasse Neuwied, Neuwied
Stadtsparkasse Oberhausen, Oberhausen
Stadtsparkasse Remscheid, Remscheid
Sparkasse Saarbrücken, Saarbrücken
Sparkasse Langen-Seligenstadt, Seligenstadt
Kreissparkasse in Siegburg, Siegburg
Stadt-Sparkasse Solingen, Solingen
Sparkasse Trier, Trier
Sparkasse Wetzlar, Wetzlar
Nassauische Sparkasse, Wiesbaden
Stadtsparkasse Wuppertal, Wuppertal

Extraordinary members

East German Savings Banks and Giro Association, Berlin
Savings Banks and Giro Association of the Rhineland, Düsseldorf
Savings Banks and Giro Association of Hesse-Thuringia, Frankfurt am Main and Erfurt
Savings Banks and Giro Association of Rheinland-Pfalz, Mainz
Savings Banks and Giro Association Saar, Saarbrücken

Regional Fund Committee for Savings Banks Centre II

Kreissparkasse Altenkirchen, Altenkirchen
Kreissparkasse Alzey, Alzey
Stadtsparkasse Bad Honnef, Bad Honnef
Kreissparkasse Westerwald, Bad Marienberg
Sparkasse Battenberg, Battenberg
Sparkasse Bensheim, Bensheim
Kreissparkasse Bernkastel-Wittlich, Bernkastel-Kues
Kreissparkasse Daun, Daun
Stadtsparkasse Dessau, Dessau
Sparkasse Dinslaken-Voerde-Hünxe, Dinslaken
Wartburg-Sparkasse, Eisenach
Stadtsparkasse Emmerich-Rees, Emmerich
Sparkasse Odenwaldkreis, Erbach
Sparkasse Werra-Meißner, Eschwege
Sparkasse Geldern, Geldern
Sparkasse der Stadt Heiligenhaus, Heiligenhaus
Sparkasse Hennef, Hennef
Stadtsparkasse Hilden, Hilden
Kreissparkasse Saarpfalz, Homburg (Saar)
Sparkasse Arnstadt-Ilmenau, Ilmenau
Sparkasse Jena, Jena
Stadtsparkasse Kaarst-Büttgen, Kaarst
Stadtsparkasse Kaiserslautern, Kaiserslautern
Stadtsparkasse Kamp-Lintfort, Kamp-Lintfort
Sparkasse Germersheim-Kandel, Kandel
Stadtsparkasse Leichlingen, Leichlingen
Kreissparkasse Limburg, Limburg (Lahn)
Stadtsparkasse Linz, Linz
Sparkasse Wittenberg, Lutherstadt Wittenberg
Kreissparkasse Mayen, Mayen
Sparkasse Merzig-Wadern, Merzig
Stadtsparkasse Neukirchen-Vluyn, Neukirchen-Vluyn
Städtische Sparkasse Offenbach, Offenbach
Sparkasse Radevormwald-Hückeswagen, Radevormwald
Sparkasse Ratingen, Ratingen
Sparkasse Rheinberg, Rheinberg
Kreissparkasse Saalfeld-Rudolstadt, Saalfeld
Kreissparkasse Schlüchtern, Schlüchtern
Kreissparkasse Rhein-Hunsrück, Simmern
Kyffhäusersparkasse Artern-Sondershausen, Sondershausen
Kreis- und Stadtsparkasse Speyer, Speyer
Kreissparkasse St. Wendel, St. Wendel
Stadtsparkasse Wermelskirchen, Wermelskirchen
Sparkasse der Homburgischen Gemeinden, Wiehl
Stadtsparkasse Zweibrücken, Zweibrücken

Regional Fund Committee for Savings Banks North I

Kreissparkasse Borken, Ahaus
Sparkasse Stormarn, Bad Oldesloe
Kreissparkasse Segeberg, Bad Segeberg
Sparkasse Bielefeld, Bielefeld
Sparkasse Bochum, Bochum
Sparkasse Höxter, Brakel
Kreissparkasse Wesermünde-Hadeln, Bremerhaven
NORD/LB Norddeutsche Landesbank, Brunswick
Sparkasse Celle, Celle
Stadtsparkasse Dortmund, Dortmund
Sparkasse Coesfeld, Dülmen
Sparkasse Ostholstein, Eutin
Sparkasse Elbe-Elster, Finsterwalde
Sparkasse Gifhorn-Wolfsburg, Gifhorn
Sparkasse Göttingen, Göttingen
Sparkasse Gütersloh, Gütersloh
Sparkasse der Stadt Hagen, Hagen
Hamburger Sparkasse, Hamburg
Sparkasse Harburg-Buxtehude, Hamburg
Sparkasse Weserbergland, Hameln
Kreissparkasse Hannover, Hanover
Stadtsparkasse Hannover, Hanover
Sparkasse Herford, Herford
Herner Sparkasse, Herne
Kreissparkasse Hildesheim, Hildesheim
Sparkasse Nordfriesland, Husum
Sparkasse Ibbenbüren, Ibbenbüren
Sparkasse der Stadt Iserlohn, Iserlohn
Sparkasse Lemgo, Lemgo
Sparkasse Lüneburg, Lüneburg
Sparkasse Emsland, Meppen
Sparkasse Minden-Lübbecke, Minden
Sparkasse Münsterland Ost, Münster
Landessparkasse zu Oldenburg, Oldenburg
Sparkasse Paderborn, Paderborn
Kreissparkasse Herzogtum Lauenburg, Ratzeburg
Kreissparkasse Recklinghausen, Recklinghausen
Sparkasse Schaumburg, Rinteln
OstseeSparkasse Rostock, Rostock
Sparkasse Schleswig-Flensburg, Schleswig
Sparkasse Niederlausitz, Senftenberg
Sparkasse Siegen, Siegen
Kreissparkasse Syke, Syke
Kreissparkasse Verden, Verden
Stadtsparkasse Witten, Witten
Sparkasse Rotenburg-Bremervörde, Zeven

Extraordinary members

Hanseatic Savings Banks and Giro Association, Hamburg
Savings Banks and Giro Association of Lower Saxony, Hanover
Savings Banks and Giro Association for Schleswig-Holstein, Kiel
Savings Banks and Giro Association of Westfalen-Lippe, Münster

Regional Fund Committee for Savings Banks North II

Sparkasse Ahlen, Ahlen
Sparkasse Attendorn-Lennestadt-Kirchhundem, Attendorn
Stadtsparkasse Bad Oeynhausen, Bad Oeynhausen
Stadtsparkasse Bad Pyrmont, Bad Pyrmont
Stadtsparkasse Bad Sachsa, Bad Sachsa
Städtische Sparkasse Barntrup, Barntrup
Sparkasse Bestwig, Bestwig
Stadtsparkasse Blomberg, Blomberg
Bordesholmer Sparkasse, Bordesholm
Sparkasse Bottrop, Bottrop
Spar- und Leihkasse zu Bredstedt, Bredstedt
Sparkasse Hochsauerland, Brilon
Stadtsparkasse Burgdorf, Burgdorf
Stadtsparkasse Cuxhaven, Cuxhaven
Kreissparkasse Grafschaft Diepholz, Diepholz
Sparkasse Emden, Emden
Stadtsparkasse Emsdetten, Emsdetten
Sparkasse Finnentrop, Finnentrop
Stadtsparkasse Goslar/Harz, Goslar
Kreissparkasse Halle, Halle (Westfalen)
Sparkasse Halver-Schalksmühle, Halver
Stadtsparkasse Hildesheim, Hildesheim
Sparkasse Kierspe-Meinerzhagen, Kierspe
Stadtsparkasse Kreuztal, Kreuztal
Stadtsparkasse Lengerich, Lengerich
Sparkasse Lünen, Lünen
Stadtsparkasse Marsberg, Marsberg
Zweckverbandssparkasse Meschede, Meschede
Sparkasse Nienburg, Nienburg
Kreissparkasse Grafschaft Bentheim zu Nordhorn, Nordhorn
Stadtsparkasse Osterode, Osterode
Kreissparkasse Peine, Peine
Stadtsparkasse Rahden, Rahden
Sparkasse Mittelholstein AG, Rendsburg
Kreissparkasse Wiedenbrück, Rheda-Wiedenbrück
Stadtsparkasse Rheine, Rheine
Sparkasse Scheessel, Scheessel
Kreissparkasse Soltau, Soltau
Kreissparkasse Stade, Stade
Stadtsparkasse Versmold, Versmold
Stadtsparkasse Wedel, Wedel
Sparkasse Werl, Werl
Stadtsparkasse Werne, Werne
Stadtsparkasse Wetter, Wetter
Kreissparkasse Wittmund, Wittmund

Regional Fund Committee for Savings Banks South I

Kreissparkasse Ostalb, Aalen
Vereinigte Sparkassen Stadt und Landkreis Ansbach, Ansbach
Sparkasse Aschaffenburg-Alzenau, Aschaffenburg
Kreissparkasse Augsburg, Augsburg
Stadtsparkasse Augsburg Kreditanstalt des öffentlichen Rechts, Augsburg
Sparkasse Zollernalb, Balingen
Sparkasse Bamberg, Bamberg
Sparkasse Bayreuth, Bayreuth
Kreissparkasse Biberach, Biberach
Kreissparkasse Böblingen, Böblingen
Sparkasse Kraichgau, Bruchsal
Sparkasse Chemnitz, Chemnitz
Kreissparkasse Esslingen-Nürtingen, Esslingen
Sparkasse Freiburg-Nördlicher Breisgau, Freiburg
Sparkasse Fürstenfeldbruck, Fürstenfeldbruck
Sparkasse Fürth, Fürth
Kreissparkasse Göppingen, Göppingen
Sparkasse Heidelberg, Heidelberg
Kreis- und Stadtsparkasse Hof, Hof
Sparkasse Ingolstadt, Ingolstadt
Sparkasse Allgäu, Kempten
Sparkasse Landshut, Landshut
Stadt- und Kreissparkasse Leipzig, Leipzig
Kreissparkasse Ludwigsburg, Ludwigsburg
Sparkasse Rhein Neckar Nord, Mannheim
Sparkasse Memmingen-Lindau-Mindelheim, Memmingen
Sparkasse Miltenberg-Obernburg, Miltenberg
Kreissparkasse München Starnberg, Munich
Sparkasse Neumarkt-Parsberg, Neumarkt
Sparkasse Neu-Ulm-Illertissen, Neu-Ulm
Sparkasse Nürnberg, Nuremberg
Sparkasse Offenburg/Ortenau, Offenburg
Sparkasse Passau, Passau
Sparkasse Pforzheim, Pforzheim
Sparkasse Freital-Pirna, Pirna
Kreissparkasse Ravensburg, Ravensburg
Sparkasse Regensburg, Regensburg
Kreissparkasse Reutlingen, Reutlingen
Sparkasse Roth-Schwabach, Roth
Sparkasse im Landkreis Schwandorf, Schwandorf
Kreissparkasse Tübingen, Tübingen
Kreissparkasse Tuttlingen, Tuttlingen
Sparkasse Ulm, Ulm
Kreissparkasse Waiblingen, Waiblingen
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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 South II

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Sparkasse Staufen-Breisach, Breisach
Sparkasse Bühl, Bühl
Sparkasse Delitzsch-Eilenburg, Delitzsch
Sparkasse Dingolfing-Landau, Dingolfing
Kreis- und Stadtsparkasse Dinkelsbühl, Dinkelsbühl
Kreissparkasse Döbeln, Döbeln
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Sparkasse Markgräflerland, Müllheim and Weil am Rhein
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Sparkasse Pfullendorf-Meßkirch, Pfullendorf
Stadtsparkasse Rain, Rain
Sparkasse Regen-Viechtach, Regen
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Stadt- und Kreissparkasse Rothenburg, Rothenburg o.d.T.
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Sparkasse im Landkreis Tirschenreuth, Tirschenreuth
Sparkasse Hochschwarzwald, Titisee-Neustadt
Vereinigte Sparkassen im Landkreis Weilheim, Weilheim
Sparkasse Wolfach, Wolfach

(as of March 2002)

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(to 19.03.2002)

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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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