



2000

DGZ·DekaBank
Deutsche Kommunalbank

Annual Report

DGZ·DekaBank

Annual Report 2000

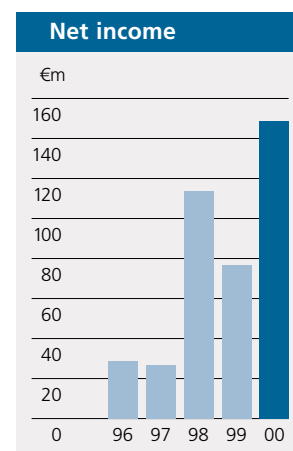
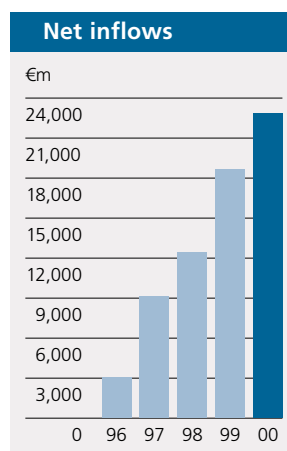
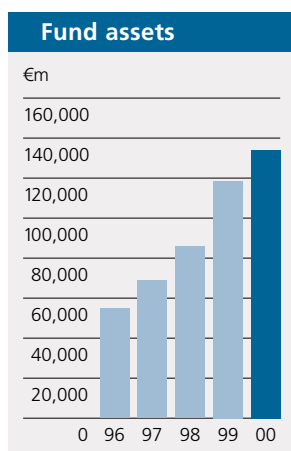
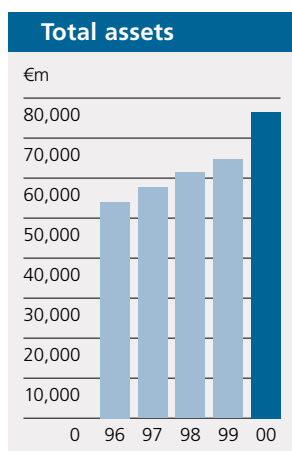
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Overview of DGZ·DekaBank Group					
€m	1996	1997	1998*	1999*	2000*
Total assets	54,138	57,675	61,484	64,785	76,680
Liable equity capital	1,294	1,355	1,724	1,789	2,039
Due to					
banks	24,240	26,405	30,183	31,654	34,525
customers	10,089	10,076	10,174	10,787	13,885
Due from					
banks	24,428	27,931	28,244	29,545	34,287
customers	18,435	17,977	18,380	19,543	18,864
Fund assets	54,901	68,970	85,895	118,749	134,319
Net inflows	3,057	9,148	12,083	18,759	22,889
Custodial account volume	12,516	16,432	22,841	40,643	52,657
Net income	29	27	114	77	150
Staff	516	509	1,793	2,329	2,899



* 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 previous years.

Supervisory Board

Dr Dietrich H. Hoppenstedt **Chairman**

President of the German Savings
Banks and Giro Association
– public-law entity, registered
society –, Berlin
*Chairman of the Presidential
Committee*

Dr h.c. Friedel Neuber **First Deputy Chairman**

Chairman of the Board of
Management of WestLB Westdeutsche
Landesbank Girozentrale, Düsseldorf
*First Deputy Chairman of the
Presidential Committee*

Heinrich Schmidhuber **Second Deputy Chairman** **(to 30.09.2000)**

Managing President of the Savings
Banks Association of Bavaria, Munich
(to 30.09.2000)
*Second Deputy Chairman of the
Presidential Committee (to 30.09.2000)*

Heinrich Haasis **Second Deputy Chairman** **(from 01.10.2000)**

President of the Savings Banks
Association of Baden-Württemberg,
Stuttgart
*Member of the Supervisory Board
and the Presidential Committee
(to 30.09.2000)*
*Second Deputy Chairman of the
Presidential Committee
(from 01.10.2000)*

Representatives elected by the General Meeting of Shareholders

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, Hannover
Member of the Presidential Committee

Gregor Böhmer

Managing President of the Savings
Banks and Giro Association of Hessen-
Thüringen, Frankfurt am Main
(from 01.01.2001)

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

Prof Dr Udo Güde

Managing President of the Savings
Banks and Giro Association of Hessen-
Thüringen, Frankfurt am Main
(to 31.12.2000)

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

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 (from 01.01.2001)

Dr Siegfried Naser

Managing President of the Savings
Banks Association of Bavaria, Munich
(from 01.10.2000)
Member of the Presidential Committee
(from 01.10.2000)

Dr Harald Quensen

Chairman of the Board of
Management of Stadtsparkasse
Hannover, Hannover

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 01.03.2001)

Walter Schäfer

Chairman of the Board of
Management of Landesbank
Hessen-Thüringen Girozentrale,
Frankfurt am Main
Member of the Presidential Committee

Josef Schmidt

President of the Savings Banks and
Giro Association of Baden, Mannheim
(to 31.12.2000)

Werner Schmidt

Chairman of the Board of
Management of Landesbank
Baden-Württemberg, Stuttgart
(to 31.12.2000)
Member of the Presidential Committee
(to 31.12.2000)

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 (from 12.05.2000)

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

Jürgen Ullrich

Member of the Board of Management
of Hamburger Sparkasse, Hamburg
(to 30.04.2000)

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

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

(to 31 December 2003)

Board of Management

Manfred Zaß*Chairman***Axel Weber***(from 01.01.2001)**Deputy Chairman***Dr Dieter Goose****Hans-Jürgen Gutenberger****Fritz Oelrich***(from 01.01.2001)***Hans-Joachim Reichert****Dr Bernhard Steinmetz****Executive Managers****Claus-Dieter Homann****Rainer Mach****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 Knut Kage,
Ministerial Councillor**

Federal Ministry of Finance, Berlin
(to 30.09.2000)

**Dr Heinrich Kock,
Ministerial Councillor**

Federal Ministry of Finance, Berlin
(from 01.10.2000)

Deputy State Commissioner**Dietmar Thorand,
Ministerial Councillor**

Federal Ministry of Finance, Berlin
(to 30.04.2001)



Einmal in der Woche werden die Räume des Hauses mit einem speziellen Desinfektionsmittel behandelt, um die Verbreitung von Viren zu verhindern.

Zurzeit wird in diesem Haus ein Patient mit einer schweren Erkrankung behandelt, der eine spezielle Therapie benötigt.

Die Behandlung wird in diesem Haus durchgeführt, um die Gesundheit des Patienten zu gewährleisten.

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Ladies and gentlemen,

We are pleased to present our annual report for 2000. Last year was a dramatic business year. Alongside turbulent stock markets, we were faced with a number of big challenges. Number one was to successfully "digest" the continued boom in the investment fund business, from which we derived above-average benefit, without a decline in the quality of our products and services. Number two was to continue to push forward the integration of our Group after the merger while at the same time taking on 900 new staff. We were successful in both.

The second business year after our merger was a successful one. We pursued a policy of sustainable growth in wholesale banking. In the investment fund sector, we succeeded in enhancing our market position in all the relevant categories. In new business, in asset management for equity, real estate, special and funds of funds, as well as in custody, we either became number one or successfully defended our top position. And we came close to number one in overall volume of assets managed.

Alongside our enhanced positioning on the operational side, branding and internet marketing were our top priorities in 2000. As far as brand recognition is concerned, we have been far ahead of our competitors since the launch of our new marketing drive in November 1999 – Deka Investmentfonds are Germany's most well-known fund brand.

Another milestone was the launch of our web-based fund sales in September. Right from the word go, our e-commerce platform was extremely well received by customers, savings banks and the public. The expertise deployed to implement technologically sophisticated projects so swiftly and successfully has been admired both inside and outside the Sparkassen Organisation.

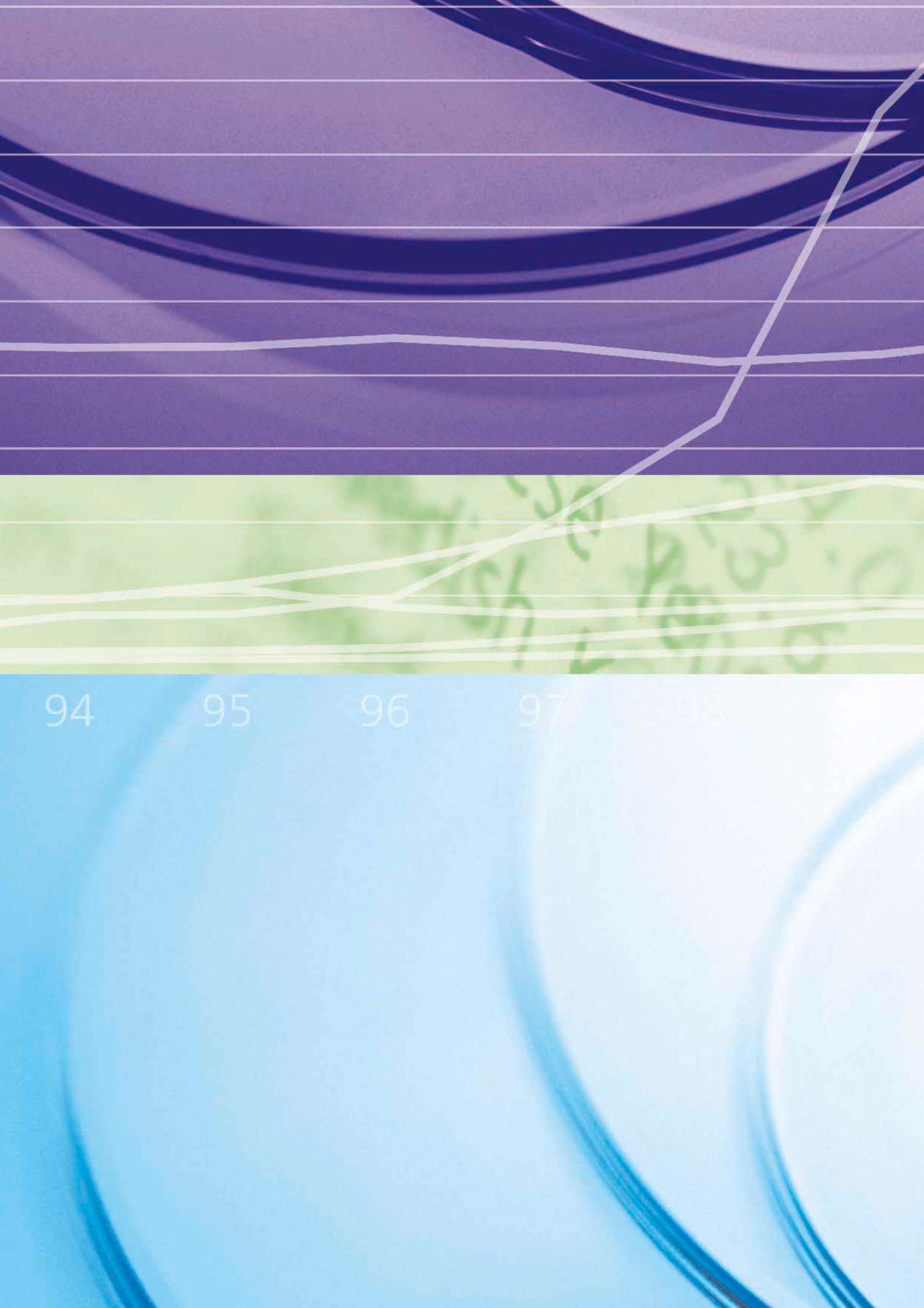
Our achievements in the 2000 business year are first and foremost due to the strong commitment of our staff. We would like to express our heartfelt thanks to them and to the responsible corporate bodies of the Bank and our subsidiaries.

In order to continue to translate our potential into the performance benchmark we have set ourselves, we have begun working on a strategy for a brand new direction for our Group. That a key service provider – even in a decentralised organisation – can successfully operate in an increasingly tough business environment has been more than proven by DGZ·DekaBank in the past year.

Sincerely,



Manfred Zaß
Chairman of the Board of Management



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A Turbulent Year for European Monetary Policy

The events of 2000 once again presented the European Central Bank (ECB) with enormous challenges. While its primary concerns in 1999 were of an internal nature – the launch of the euro and the introduction of the TARGET (Trans-European Automated Real Time Gross Express Transfer) system at the beginning of 1999, deflation fears in spring 1999 and Y2K contingency planning at the end of the year – the key problems in 2000 were external. Among them were the continued sharp rise in oil prices and the sustained decline in the external value of the euro. Both factors led to a significant increase in inflationary pressures and an at times dramatic fall in the reputation of the European Monetary Union. It was therefore hardly surprising that a majority of the Danish electorate voted against adopting the euro in a hotly contested referendum last year. Nevertheless, taking a step back from these events, an overall positive judgement of European monetary policy must be acknowledged: rather than allowing itself to be distracted by the turbulence of day-to-day events, the ECB laid the groundwork for a credible and sustained monetary policy dedicated to price stability.

The fears of an IT disaster in the wake of the changeover to the year 2000 were quickly forgotten – not even developing countries reported serious problems. Whether this was thanks to the months of contingency planning or whether the problems had been drastically exaggerated can no longer be accurately ascertained but it is certain that the high degree of preparation produced unexpected side effects – an extremely high level of investment in technology and an expansive monetary policy at year-end. It was this that paved the way for high productivity growth in the first half of the year and to a liquidity surplus. Together these factors led to surging stock markets, particularly in the Technology Media and Telecommunications (TMT) sector, which had scarcely been considered possible. The price levels proved unsustainable since neither factor was permanent. Although productivity levels remained high, a permanent improvement in productivity growth cannot be sustained on a broad basis. The expansive monetary policy used to ease potential liquidity squeezes was corrected during the course of the year and was particularly restrictive in the US. This was necessary since the accumulated liquidity surplus would otherwise have fed through into higher price rises. Nevertheless, the degree of monetary tightening took the booming markets by surprise.

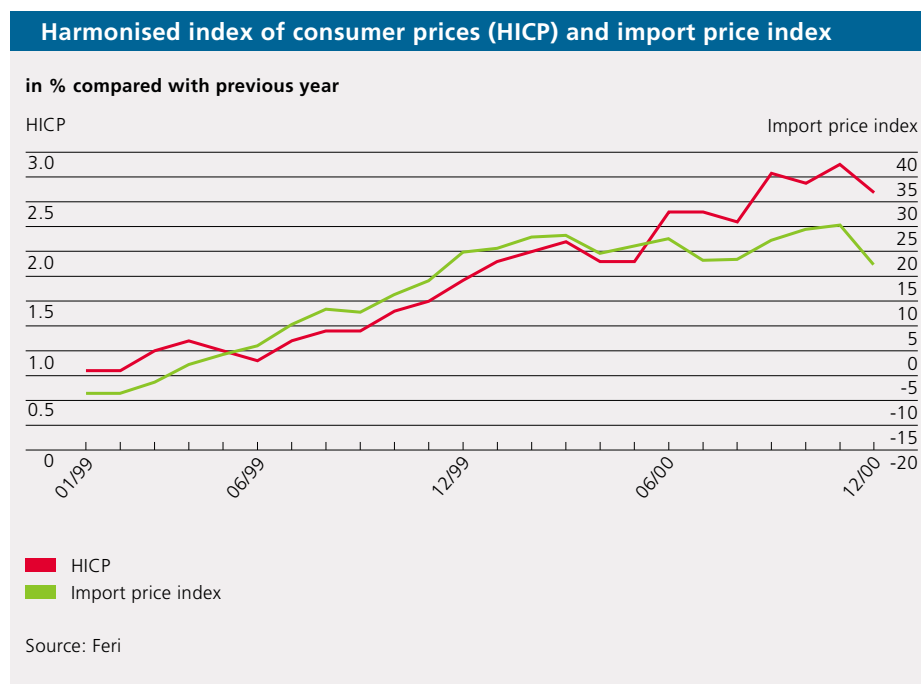
The US was the main beneficiary of the IT investment boom and the growth differential between the US and the euro-zone continued to widen in the first half of the year despite the EU's improving economic situation. Capital continued

to be attracted to the seemingly unlimited American investment opportunities. The euro-zone, by contrast, appeared structurally weak and lacking in dynamism. The best case scenario seemed to suggest a Europe whose top growth rates could only match those of the US on a downswing – a fact reflected in the euro's external value. For far too long, euro optimists had preached the mantra that all that was needed was more dynamism in the economy for the euro to reverse its downward slide. And far too many had notched up considerable losses on the back of this strategy. The superiority of the US economy had seemed all too obvious a fact even for the years to come. In the light of all this, expectations of an upswing dissipated despite clear signs of a recovery.

The ECB was able to ignore the falling euro for a long time. Its task is to ensure and guarantee internal, not external currency stability. It must also ensure that domestic prices remain stable but not, however, those of imported goods. So the falling euro did not become a problem until significantly higher import prices pushed price levels up all round, a factor aggravated by the sharp rise in oil prices. The price of crude oil rose in euros by more than 50 per cent between the beginning of the year and its peak in November. For the first time, the ECB's inflation target of 2 per cent per year was exceeded. Year-on-year, inflation was up 2.9 per cent from the previous November before falling slightly in December. This left an annual average inflation rate of 2.3 per cent. Although the ECB was unable to prevent this rise, it could not ignore it either. Overshooting the 2 per cent target brings with it the danger of knock-on effects such as higher wage demands, thus turning a one-off price rise into higher inflation rates in the medium term. There have been few knock-on effects to date. At around 1.5 per cent, core inflation – inflation excluding energy and seasonal foodstuffs – has remained more than one per cent below the headline rate.

To limit the danger of imported inflation, the European Central Bank decided to intervene in the currency markets. Together with the US, Japanese and UK central banks, it first stepped in to prop up the euro in September. Although this provided temporary price stabilisation, it did not succeed in achieving a turnaround – the markets' mood and assessment of the new currency were just too negative. Nor did the imminent referendum in Denmark improve things. The fear that a stable country like Denmark would vote No and the more unstable candidate countries in eastern Europe would join the euro put further pressure on the currency. Like a self-fulfilling prophecy, the Danes voted against joining the euro-zone while the already agreed entry of Greece in January 2001 loomed over the horizon. The euro continued to fall despite signs that the

central bank intervention has no impact



economy was improving. When, during the US presidential election campaign, an internationally coordinated intervention appeared unfeasible for political reasons, the currency fell through the 80 cents barrier, prompting unilateral ECB intervention in support of the euro.

Currency market intervention is a somewhat controversial central bank policy rejected by many economists, the reason being that it is very difficult for a central bank to successfully resist market sentiment and achieve a fundamental turn-around. There is always a risk that the currency reserves sold, instead of influencing the price of the currency in the long term, will lead to nothing more than a significant reduction in reserves and a tarnished reputation for the bank. Although the success of the intervention strategy remained uncertain for a long time, the ECB demonstrated that it was willing and able to defend the external value of the euro, to attract international – i.e. mainly US – support and in this way prevent an excessive decline in the currency's external value which threatened its internal stability.

The decline of the euro posed an additional problem because the differences in national inflation rates were widening and in some states had even markedly exceeded the 2 per cent limit. We do not of course expect the same inflation rates for countries within a region or currency area – this cannot be expected for a number of reasons including statistical ones. Even if an identical consumer price index – as in the case of the euro-zone – was used in all countries, its composition would vary from country to country since it reflects the structure of national consumption. A higher inflation rate in one country need not point to a stronger wage-price spiral but may merely show that products whose world market prices have risen steeply are consumed to a greater extent than in another country. The same is true for indirect taxes: differences in inflation are caused by differing increases in these taxes. The impact of the euro's decline

differed from country to country, a fact brought about by diverging import rates. Countries such as Ireland which for reasons of size and geographical location have a very important trading relationship with the US and the UK were far more severely hit by higher import prices caused by the euro's decline than Austria or Portugal, for example, which trade far less with these countries.

And even in the future the euro-zone will continue to have differences in inflation. These may be due to the overall economy or to economic catching up processes. An economic upswing can mean that robust demand and a limited supply of goods and labour may lead to a steeper rise in prices and wages in certain regions. This will not disappear in the years to come, despite the increasing synchronisation of economic cycles within the euro-zone. In fact, catching up processes will additionally mean that low-income countries will grow faster than others. And increased growth will lead in turn to a more rapid rise in wages and hence a steeper increase in prices for services than in other countries. As a result, countries such as Portugal and Spain, where prices are currently around 70 per cent and 80+ per cent respectively of the euro-zone average, are more than likely to continue to have higher than average rates of inflation in the coming years.

In setting monetary policy, the ECB needs to take only the average euro-zone inflation rate into account. To date, it has successfully avoided being influenced by individual national developments. This could be counterproductive as the reasons for variations in inflation among Emu members are far too different. After external economic factors made monetary policy in the euro-zone considerably more difficult in 2000, we can expect calmer times in 2001. If the economy remains stable, steadiness in monetary policy can be expected. This will stabilise the new currency and provide the European Central Bank with the independence it needs for more difficult economic times.

monetary policy faces
calmer times

Group Management Report and Management Report of DGZ·DekaBank Deutsche Kommunalbank for 2000

The management report for the 2000 business year was drawn up jointly for DGZ·DekaBank Group and its parent company, DGZ·DekaBank Deutsche Kommunalbank (DGZ·DekaBank). The information it contains applies in general to DGZ·DekaBank Group. Where differences in business development, earnings and future risks occur between the Group and the parent company, we will provide additional information. All data are published in euros for the first time.

Business review

The positive growth registered in the 2000 business year resulted largely from volume growth in our wholesale banking activities and increased earnings in the investment business.

In the previous year, the business volume of the Group rose 17 per cent to €80 billion. In the same period, the balance sheet total increased by €12 billion to €77 billion. Our asset structure showed little change over the previous year. Lending accounted for around 55 per cent, securities for 30 per cent and money market activities for 15 per cent. 63 per cent of the Group's funding requirements was raised on capital markets and 33 per cent on the money market. The Group's stated equity capital ratio was 2.7 per cent.

Record sales of mutual funds were extremely gratifying. Together with the special funds of our subsidiary Deka Investment Management GmbH (DIM) and the property funds of Despa Deutsche Sparkassen-Immobilien-Anlage-Gesellschaft mbH (Despa), we recorded inflows of €23 billion, topping the previous year's figure for new business by more than €4 billion. Total fund assets rose 13 per cent to €134 billion and at year-end 2000, the Group managed 4.6 million custodial accounts (previous year: 3 million) with a total volume of €53 billion.

DGZ·DekaBank Group's net income after taxes amounted to €227 million (previous year: €116m).

record sales in
fund business

Key figures

DGZ·DekaBank Group				
	2000	1999	Change	
	€m	€m	€m	%
Business volume	80,218	68,633	11,585	17
Total assets	76,680	64,785	11,895	18
Lending volume	45,326	43,794	1,532	3
Fund assets*	134,319	118,749	15,570	13
Net inflows*	22,889	18,759	4,130	22
Custodial account volume	52,657	40,643	12,014	30
Custodial accounts (m)	4.6	3.0	1.6	53
Net income after taxes	227	116	111	96

* excluding deposits and borrowed funds and liquidity portion of funds of funds

Lending volume

Group-wide lending volume rose €1.5 billion to €45 billion at year-end. Around 50 per cent of long-term loans were made to banks. Loans to customers were down €2 billion compared with the previous year. Irrevocable lending commitments totalled €3 billion and contingent liabilities €1 billion.

Lending volume				
	2000	1999	Change	
	€m	€m	€m	%
Due from banks	24,401	20,401	4,000	20
Due from customers	17,387	19,545	-2,158	-11
Contingent liabilities	1,002	1,118	-116	-10
Irrevocable lending commitments	2,536	2,730	-194	-7
Total	45,326	43,794	1,532	3

Securities portfolio

Around 30 per cent of the Group's total assets are invested in securities. In the previous year, we increased our securities portfolio by almost €8 billion to €23 billion. 94 per cent was accounted for by fixed income securities. Of these, €4 billion consisted of money market instruments, €14 billion of bonds and notes, €2 billion of own bonds and €2 billion of equalisation claims against public authorities. A further €1 billion was invested in proprietary special funds.

Money market activities

In the year under review, short-term money market claims totalled €11 billion (15 per cent of total assets), and were largely accounted for by domestic and international banks, the latter accounting for 45 per cent of the total. The volume of short term loans remained constant on a year-on-year basis.

Funding

Structurally, there was little change in our funding activities. Money market funding operations amounted to €25 billion at year-end, €2 billion more than the previous year. The majority of lenders were domestic and international banks. We raised €25 billion in longer term funding through the issuance of own bonds and notes as well as €13 billion through liabilities to banks and €11 billion through liabilities to customers. Issuance volume grew by one-quarter to €25 billion. Total capital market borrowing amounted to €11 billion, of which €8 billion consisted of bonds, €2 billion of registered securities and €1 billion of borrower's note loans. Redemptions amounted to €6 billion.

Off-balance-sheet transactions

The nominal volume of derivative transactions rose at year-end by €8 billion to €41 billion. Replacement costs totalled €547 million (1999: €488m). To hedge interest rate risks, the counterparties were primarily OECD-based banks.

Investment fund business

2000 was a record year for the investment fund and custodial business of DGZ-DekaBank Group.

Total assets under management amounted to €134 billion, a 13 per cent increase over the previous year. Mutual funds accounted for €87 billion and special funds €47 billion (excluding deposits and borrowed funds and liquidity portion of the funds of funds).

Retail and institutional customers invested a net €23 billion in Deka Group mutual and special funds. Net inflows thus topped the previous year's inflows by more than €4 billion, an increase of 22 per cent (excluding deposits and borrowed funds and liquidity portion of the funds of funds).

Mutual fund sales were up 80 per cent to €19 billion over the previous year. Most of this was accounted for by equity funds, at €19 billion. This segment showed above-average growth of 100 per cent, with investors showing a preference for global and European stocks. Deka Group bond funds recorded inflows of €652 million, only slightly less (€17 million) than the previous year's figure. Once again, investors showed a preference for global securities. Money market and mixed funds, on the other hand, found less favour with investors and registered outflows.

The difficult sales environment and changed investor preferences impacted on property funds, which posted outflows of €1 billion.

Of total mutual fund assets of €76 billion, €49 billion was accounted for by equity funds, €22 billion by bond funds, €4 billion by money market funds, €0.7 billion by mixed funds and €0.3 billion by AS (retirement) funds. Our

€134 billion in
fund assets

equity ratio was 64 per cent, bond funds took an almost 30 per cent share, money market funds 5 per cent, with mixed funds and AS funds at 1 per cent together.

Institutional customers, in particular savings banks and insurance companies, invested more than €5 billion in the special funds of our subsidiary Deka Investment Management GmbH (DIM).

Our fund of funds investment vehicles, first launched in 1999, far outperformed expectations – inflows in 2000 more than tripled over the previous year, at €10 billion. Our own Group funds accounted for a close to 83 per cent share.

To intensify the marketing of fund shares, largely carried out by the savings banks organisation, we have partnerships with international investment houses J.P. Morgan Investment Management (London/New York/Frankfurt), Swissca Holding (Berne) and Lombard Odier & Cie. of Geneva, which we intend to expand and extend in line with the wishes and needs of the savings banks organisation.

64 per cent equity ratio

Fund assets*				
	2000	1999	Change	
	€m	€m	€m	%
Mutual funds	75,762	63,770	11,992	19
Equity funds	48,690	37,555	11,135	30
Bond funds	22,294	21,040	1,254	6
Money market funds	3,851	4,153	-302	-7
Mixed funds	695	885	-190	-21
AS funds	232	137	95	69
Special funds	47,226	42,455	4,771	11
Property funds	11,331	12,524	-1,193	-10

* excluding deposits and borrowed funds and liquidity portion of the funds of funds

Net inflows*				
	2000	1999	Change	
	€m	€m	€m	%
Mutual funds	18,847	10,460	8,387	80
Equity funds	18,710	9,335	9,375	100
Bond funds	652	669	-17	-3
Money market funds	-432	308	-740	-240
Mixed funds	-175	86	-261	-303
AS funds	92	62	30	48
Special funds	5,381	6,156	-775	-13
Property funds	-1,339	2,143	-3,482	-162

* excluding deposits and borrowed funds and liquidity portion of the funds of funds

4.6 million accounts

Custody

The number of custodial accounts managed by DGZ·DekaBank Group rose by 1.6 million to 4.6 million as at 31 December 2000, a year-on-year increase of 53 per cent. Growth was evenly spread between domestic and foreign business. Around 90 per cent of all accounts are managed in Frankfurt by DGZ·DekaBank. The number of new VL accounts (government-backed asset creation schemes) rose more than 40 per cent to 1.4 million compared with the previous year. Our fund-based asset management segment also registered a 70 per cent increase in accounts to over 213,000 accounts.

Volume amounted to €53 billion at year-end 2000 – 30 per cent higher than the previous year. "Traditional" accounts (DekaBank Depot) contained €43 billion and fund-based asset management €9 billion. The volume of VL and AS accounts totalled €1 billion. Account volume managed abroad totalled €11 billion, and in Germany €42 billion.

Capital and reserves

To strengthen our capital base, we increased the subordinated liabilities with DGZ·DekaBank by a nominal €275 million. The Bank's stated capital amounted to €1.7 billion. The figure for the Group is €2.1 billion. Taking into account subordinated liabilities, profit participation capital and the special item for general banking risks, the Bank's stated capital ratio was 2.4 per cent. The figure for the Group is 2.7 per cent.

As at 31 December 2000, the capital and reserves of DGZ·DekaBank were composed of €1 billion in core capital and €1 billion in supplementary capital. Available Tier III funds amounted to €22 million. The capital adequacy regulations on capital and liquidity were complied with at all times by both the Group and the Bank during the period under review.

Capital and reserves		
	Group	Bank
	€m	€m
Core capital	1,030	825
Supplementary capital	1,009	825
Tier III funds	–	22
Capital and reserves	2,039	1,672
Capital ratio according to Principle I (in %)	11.7	10.6
Total ratio according to Principle I (in %)	11.3	10.4

Earnings

Group operating income – the sum of interest income and commission income, own account trading and other operating income – topped €1 billion for the first time, an increase of 43 per cent.

Net interest income was down 22 per cent to €254 million and was largely due to our policy of active risk reduction in the interest rate position. Earnings from holdings contained in the interest income were unchanged at €2 million.

Net commission income for the Group was up 60 per cent to €718 million, of which more than three-quarters – €594 million – was generated through fund and custody business. €124 million was derived from traditional banking activities. Net commission income for DGZ·DekaBank was €40 million higher than the previous year, at €94 million. In contrast to the Group, commission income from securities trading was the biggest factor.

**commission income
up 60 per cent**

Of the remaining income from ordinary activities, €38 million was from own-account trading in securities, foreign exchange and derivative financial instruments (income from financial transactions). Based on the observation of the principles of imparity and individual valuation, income from this segment was up €110 million over the previous year.

Ordinary income was offset by operating expenses of €618 million. The €117 million increase in fixed costs was principally due to the 1.6 million new accounts at year-end 2000 (postage, telephone, office equipment). In addition, we invested in the marketing activities of Deka Investmentfonds (TV commercials), updating computer systems as well as developing our e-commerce business. Group-wide staff requirements necessitated a 25 per cent increase in staff numbers. In the 2000 business year – as in the previous year – we had 500 vacancies to fill.

The special item with partial reserve character established in the 2000 business year in connection with the tax-related increased valuation provision was dissolved at a value of €34 million. €24 million was accounted for by increased-valuation loan claims and €10 million by securities.

Taking into account the valuation result in the lending, securities and holding business as well as risk provisions of €19 million, Group operating income amounted to €401 million – 61 per cent more than at year-end 1999.

Extraordinary Group income of €8 million is mainly due to the dissolution of loan loss provisions of €12 million and expenses in connection with the allocation of €6 million to the Foundation "Remembrance, Responsibility and the Future" for former forced labourers under the Nazi regime.

After deducting interest payments of €28 million on subordinated liabilities and income taxes of €154 million, Group net income after taxes amounted to €227 million – an increase of 95 per cent over the previous year.

DGZ·DekaBank Group				
	2000	1999	Change	
	€m	€m	€m	%
Net interest income	254	326	-72	-22
Net commission income	718	450	268	60
Trading result	38	-72	110	153
Administrative expenses	571	416	155	37
Provision for risk/valuation	-19	-36	17	47
Income taxes	154	106	48	45
Result after taxes	227	116	111	95

Risk report

1. Overall risk management system

The increasing globalisation of financial services, ever shorter product and business cycles coupled with growing competitive pressures relentlessly pushing down margins are posing greater and greater challenges for risk management systems.

DGZ·DekaBank is responding to this challenge by the continuous review and development of its risk management policies. We do not regard risk management merely as a passive means of identifying and measuring risk but as an opportunity to achieve a long term 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 risk/return-driven risk management and the optimisation of capital allocation.

Risk management

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

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

Organisation, responsibilities, risk management tasks



The Asset and Liability Management Committee lays down guidelines for the management of the strategic position within the framework of the risk limits approved by the Board. Implementation is the responsibility of Treasury. Alongside operational activities, the trading unit acts within the trading guidelines laid down by the Asset and Liability Management Committee.

Asset & Liability Management Committee

Clearly defined tasks

- Finalisation of business strategy and setting parameters for trading activity (responsibilities, markets, products)
- Allocation of capital to individual trading units
- Authorisation of operating limits
- Setting guidelines for the management of strategic positions (non-trading book positions) – including consideration of potential cash flow impact

Fixed minimum number

- Board member responsible for Trading or deputy
- Board member responsible for Treasury or deputy
- Board member responsible for Internal control or deputy
- Division head Trading or deputy
- Division head Treasury or deputy
- Division head Internal control or deputy
- a representative from Economics or Investment Research unit

Clear procedures

- fortnightly meetings (more frequent where necessary)
- detailed report of all markets by Economics unit
- operating discussion of Treasury position
- detailed definition of parameters for Treasury position (laying down risk type and utilisation)
- voting rights for Management Board members only
- unanimous decisions, abstentions not permitted
- detailed minute-taking by Treasury

Risk control

Our risk control department aims to develop a standardised and closed system to measure and monitor risks associated with trading and non-trading business.

The unit draws up and fine-tunes risk management processes. It analyses and quantifies the Bank's risks, monitors the limits approved by the Management Board and is responsible for reporting the risk ratios for the trading book and non-trading book 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.

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 divisions heads.

2. Market risk

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

DGZ·DekaBank undertakes interest rate, share price, exchange rate and option risks.

By far our biggest market risk is that of interest rate changes arising from both our strategic positions (non-trading book) and our trading portfolios. 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.

DGZ·DekaBank calculates risk figures by means of scenario analyses for operational limits and value at risk (VAR) for total risk management.

All DGZ·DekaBank Group's individual positions outstanding on valuation day are used to measure and monitor the risk position. The trading day of the individual transactions determines allocation to the open position. Measurement, monitoring and reporting of risk figures are determined by the portfolio hierarchy reflecting the Bank's organisational structure.

The scenario analyses are defined according to the various risk factors for interest rate, exchange rate, and share price movements. They are used for the operational management and limiting of both trading book and non-trading book positions.

Interest rate risks are calculated using a parallel 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.

To calculate share price risk, DGZ·DekaBank takes into account the differing degree of diversification of the equity trading portfolio and the strategic equity portfolio in Treasury. Whereas a price fluctuation of 20 per cent on the net position is calculated for the trading book, a 10 per cent fluctuation is used for the Treasury portfolio in view of its high degree of diversification.

DGZ·DekaBank uses option risks to a very limited extent only. Active currency positions are held in the trading portfolio only. For the non-trading book, implicit option positions – from securities positions, for example – are shown separately under derivatives and integrated into our risk measurement and management process. The scenario/matrix method is used to calculate currency option price risks. This involves a scenario analysis to calculate changes in both of the key risk-determining parameters – volatility and exchange rate – for each currency pair in a two-dimensional matrix. For volatility, we simulate a step-by-step increase and decrease of up to 30 per cent, for exchange rate movements up to 5 per cent on the second axis of the matrix. The option price risk is then quantified by means of a revaluation of each individual option as well as the accompanying hedging transactions for each parameter constellation.

Alongside these standard scenarios, a number of other scenarios are used for the regular analysis of risk positions.

keeping a watch on
interest rate risk

In addition to limiting risk positions, we use stop-loss limits at portfolio level to effectively limit losses. Limit levels are calculated on the basis of the current operating result for the year.

VAR is calculated at Group level on a variance/covariance basis and uses historical movements in market rates and prices, taking account of volatilities and correlations between different markets and rates and is calculated daily. Interest rate risks are calculated by separating each interest rate position into its risk-equivalent cash flow components. The resulting cash flow components are allocated according to segment and currency into pre-defined standardised support structures and aggregated according to portfolio level. By using segment-specific interest rate curves as well as volatilities and correlations, we take particular account of spread risks – the risks of a change in the yield spread between government bonds and other interest rate instruments. Share price risks are calculated by allocating individual equities to country-specific market indices via beta factors.

Market correlations are taken into account within interest rate, currency and equity risk categories – for interest rate risk via segment and maturity specific correlation matrices, for equity price risk via correlations between market indices and for currency risks via correlations between the various exchange rates. A worst case scenario is used to simulate the overall risk position, which means that taking account of correlations by circumventing the individual risk categories does not occur.

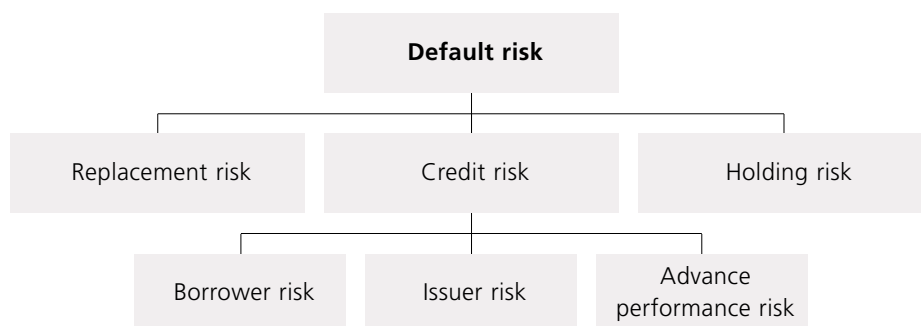
Depending on the different liquidation or decision periods, Treasury VAR is calculated for a 10-day holding period, Trading VAR for a one-day holding period and both at a 95 per cent confidence level.

The following chart shows VAR for the Group trading portfolio at year-end 2000. These figures have been drawn up in line with the publishing parameters recommended by the Basle Committee on Banking Regulation and Supervision and may deviate from in-house data.

Trading value at risk for the Group	
99 % confidence level, 10-day holding period	
	€
Interest rate risk	
Trading	8,265,750
Bonds	1,684,472
Derivatives	135,446
Currency	2,472
Money market	52,871
Interest rates global	6,390,489
Share price risk	
Trading	853,701
Shares	118,461
Shares global	735,241
Currency risk	
Trading	494,769
Currency options	113,245
Currency	536,799
Currency global	158,990
Market risk trading Group	9,614,220

3. Default risks

DGZ·DekaBank is exposed to default risk whenever business losses are incurred from the reduced credit standing or even total default of a counterparty. We use our 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 consists of:



Borrower risk is the risk that outstanding payment obligations to DGZ·Deka-Bank are not forthcoming or are not forthcoming on schedule. The maximum default sum is the total economic value of the borrower's outstanding obligations or the maximum loan amount granted.

Issuer risk is, parallel to borrower risk, the risk that an issuer of a security will not be able to meet his operating expectations.

further development of infrastructure

Advance performance risk is the danger that there is no counter-performance by a counterparty following advance performance by DGZ·DekaBank.

Replacement risk is the risk that in the case of counterparty default, a replacement transaction must be effected at less favourable (prevailing) market rates.

Holding risk is the potential loss from traditional holdings held long term for strategic reasons.

Default risk is calculated according to risk type for DGZ·DekaBank's business partners.

Within the framework of the Bank's statutory authorisation procedures, the board of management or presidential committee approves the limit levels for default risk in the trading division for each individual counterparty or borrower. Limit levels are monitored by our risk control unit.

Substantial investments have been made in state-of-the-art default risk management procedures and further large investments are planned. In order to meet the requirements of new internal and external systems, we are developing our new infrastructure step by step.

In the year under review, a new platform was installed to enable us – alongside our existing evaluations – to draw up on a daily Group-wide basis the gross position for all transaction types on the basis of market values for borrowers with large and differing activities (banks, insurance companies, brokers, funds). Traditional loans are calculated on the basis of their capital debt.

Our other activities focus on three main areas: step one will see the complete replacement of our existing evaluations and the expansion of our infrastructure to include the Group-wide daily calculation of our net position, i.e. taking account of collateral guarantees and a mark-to-market valuation of all positions.

The valuation of our default risk position is being developed and updated in two other projects. We are taking part in the rollout procedure within the German Savings Banks and Giro Association's (DSGV) default risk management and control project. This determines the methods for measuring portfolio default risks on a VAR basis and calculates it according to currently available rating procedures. In parallel, the DSGV project "internal rating" is reorganising internal rating procedures in co-operation with leading strategy consulting firm Oliver, Wyman and Company. The system guarantees the comparability of rating results for default and property risks and their default probability based on the use of historical data.

The Group's traditional lending liability amounted to €45.3 billion at year-end 2000. For acute default risks (e.g. loans with temporary non-performance), individual value adjustments were made of €226.1 million (previous year: €207.4m).

DGZ-DekaBank Group		
	Lending liability	Value adjustment
	€m	€m
Due from banks	24,401	0
Due from customers	17,387	189.1
Contingent liabilities	1,002	22.9
Irrevocable lending commitments	2,536	14.1
Total	45,326	226.1

In addition, general value adjustments amounting to €17.7 million have been made for latent default risks. The figure is based on the average default ratio over the previous five years.

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

Lending liability by sector (lending business)	
	%
Domestic public-sector banks	41.7
Federal government, states and municipalities	20.3
Foreign banks and corporates	13.5
Domestic corporates	13.5
Domestic private banks	7.1
Other	3.9

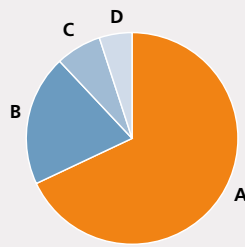
Country risk

Apart from counterparty risks specific to individual borrowers, the Bank also has exposure 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 €14 billion at year-end 2000. The following chart illustrates dispersion according to country classes and individual countries.

Distribution of country risk

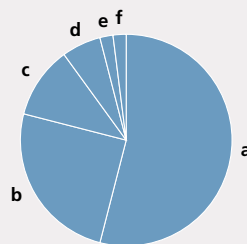
100%



A EU countries	68 %
B Industrialised countries	20 %
C Developing countries	7 %
D Reform countries	5 %

Breakdown of risk in industrialised countries

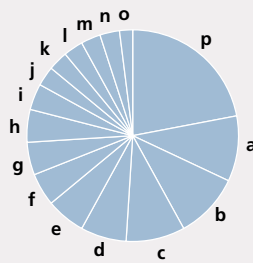
20%



a USA	54 %	d Canada	6 %
b Switzerland	25 %	e Turkey	2 %
c Norway	11 %	f Other	2 %

Breakdown of risk in developing countries

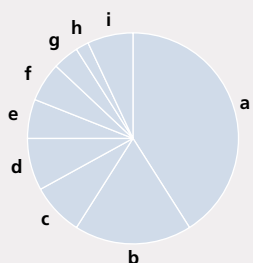
7%



a United Arab Emirates	10 %	h Israel	5 %
b South Africa	10 %	i Netherlands Antilles	4 %
c Thailand	9 %	j Cyprus	3 %
d Cayman Islands	7 %	k Mexico	3 %
e Republic of Korea (formerly South Korea)	6 %	l Saudi Arabia	3 %
f Venezuela	5 %	m Bahrain	3 %
g Chile	5 %	n Qatar	3 %
		o Brazil	2 %
		p Other	22 %
		(individual values < 2%)	

Breakdown of risk in reform countries

5%



a Russia	41 %	f China	6 %
b Czech Republic	18 %	g Croatia	4 %
c Bulgaria	8 %	h Yugoslavia	2 %
d Slovenia	8 %	i Other	7 %
e Hungary	6 %		

All countries with considerable country risk belong to the group of reform and developing countries, with the exception of the industrialised country of Turkey. To take account of our commitments in risk countries, we made the following country value adjustments amounting to €191 million at year-end 2000:

Country		
	Country risk	Value adjustment
	€m	€m
Turkey	46	17
Bulgaria	43	30
Bosnia	2	2
Yugoslavia	11	11
Croatia	24	9
Macedonia	2	2
Poland	6	1
Russia	225	97
Slovenia	41	1
Algeria	6	1
Brazil	21	4
Nigeria	2	1
South Korea	56	11
Thailand	78	4
Total	563	191

4. Liquidity risks

Liquidity risk is the potential risk arising from the inability to generate a timely supply of adequate liquidity.

Liquidity management is carried out daily in close co-operation with our Treasury division and operationally in our money market trading unit. The liquidity ratio is calculated on a daily basis by an independent and neutral department according to the guidelines laid down in Principle II para. 11 of the German Banking Act (KWG) and is reported daily to Treasury and money market trading.

The key liquidity coefficient of Principle II lays down the ratio between available Band I liquidity (due up to one month) and the payment obligations during this period. The Bank's liquidity is deemed to comply with Principle II where the liquidity coefficient does not fall below the value of one. DGZ·DekaBank's liquidity coefficient was 1.71 as at 29 December 2000.

For the management of liquidity risks, our products and markets are clearly defined in order for us to continue to focus on the established markets and products which, thanks to their worldwide acceptance, already have sufficient liquidity and market depth.

5. Operating risks

Operating risks are all risks involving general business operations which arise from defective processes, human or mechanical failure, other defects in operating equipment or extreme and unpredictable events. Alongside market risk, default and liquidity exposure, this type of risk is becoming increasingly important.

DGZ·DekaBank continued its post-merger IT consolidation in the 2000 business year. A major element in our IT reorganisation was to reduce IT-related operating risks.

Among other steps, we introduced a standardised model for production and back-up locations, in this way systematically strengthening the separation of duties between the Bank's operational and monitoring units. We also established standardised procedures for central user administration.

The correct and timely processing of information and customer orders is a key factor in the successful operation of our business. The widespread use of IT in all business processes and its all-pervading presence in corporate operations illustrate how dependent we are on the smooth running and unlimited availability of IT systems.

We have therefore invested considerable sums in a variety of infrastructure projects aimed at stabilising and improving systems.

It is these very applications and technologies, driven by the dynamic pace of growth, that present new risks, risks which can be effectively countered by suitable technological and organisational security measures. These measures are continuously adjusted and updated to satisfy the necessary and economically justifiable procedures for risk reduction.

A number of infrastructure analyses in our new e-commerce environment and a newly started project for a network assessment for the Group are just a few examples of the above.

Alongside information processing, all other divisions of a bank are susceptible to operating risks which is why we continued to push ahead with Group-wide process standardisation last year. One example was process standardisation for project management. This lays down Group-wide standards for all phases of a project in order to optimise content-specific and organisation-specific project work and to fine-tune result management.

Our in-house contingency planning and the respective component-level backup solutions are regularly monitored and optimised where necessary. Our overall positive Y2K experiences have led us to further utilise and standardise the organisational measures and accompanying technical procedures put in place in the run-up to 2000 as part of a Group project.

Any damage arising from the fraudulent activities of employees is reported immediately to the management board and the internal audit unit. The board then makes a decision within the Bank's supervisory framework concerning the submission of a report to the Federal Banking Supervisory Office, the Federal Securities Trading Authority and the relevant Landeszentralbank (state central bank).

Outlook

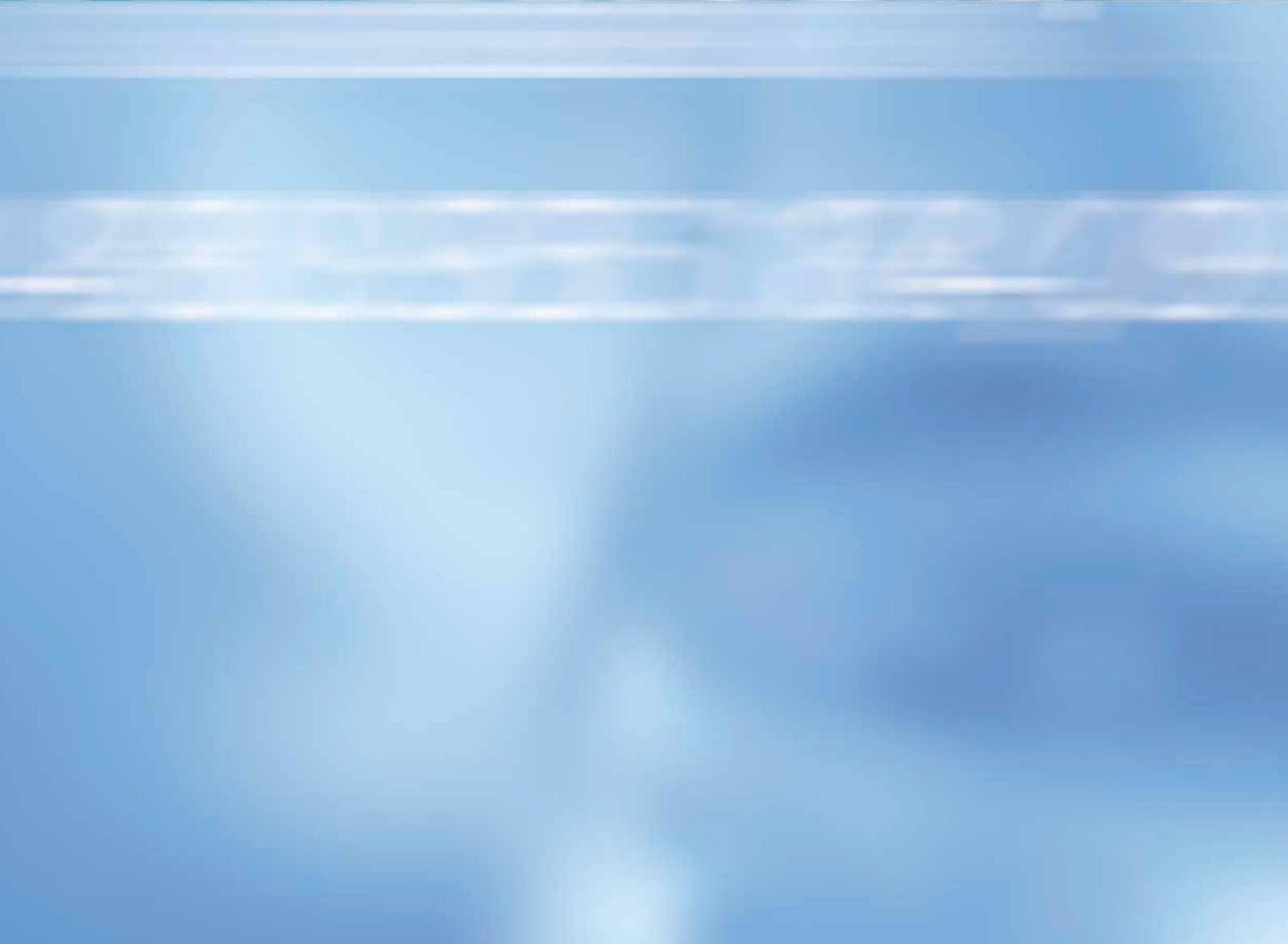
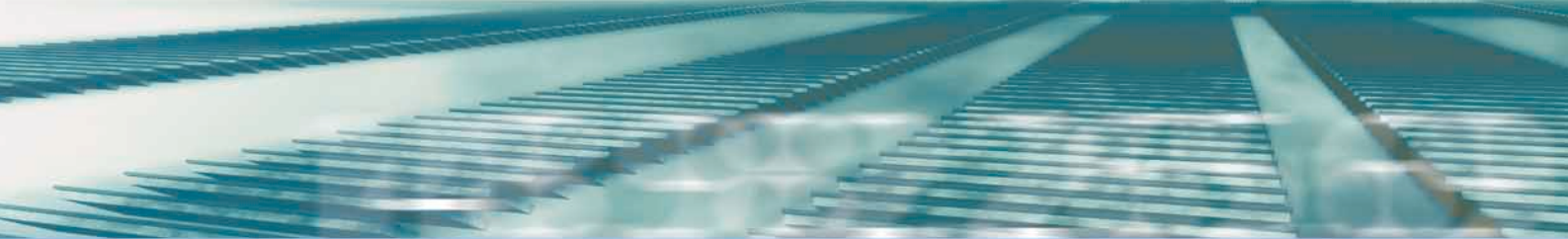
Numerous national and international economic indicators signalled a slowing of economic growth in Europe in the second half of 2000. The situation was triggered by a tightening of monetary policy in the US together with revised expectations about the growth potential of the new economy. Equity and bond markets anticipated a recession scenario and the US dollar fell slightly against the euro. The US economy, however, is in robust shape and policymakers are taking steps to support the economy. It is probable that the third and fourth quarters of 2001 will see economic activity picking up which will help to calm worldwide fears of recession. This will in turn lead to an upward trend in bond market yields both in the US and in the euro-zone.

With investments in Europe becoming increasingly attractive, we anticipate a good result in our funds and custody business for 2001. We also expect further growth in our wholesale banking segment. We expect interest income to be below the 2000 level due to the current interest rate situation on money and bond markets as well as our deliberately restrictive policy. Assuming further inflows in the investment business, we anticipate positive growth in commission income. Through the increased use of sales-enhancing techniques (advertising activities, marketing measures), we anticipate a further rise in administrative costs. We also plan to invest further in the expansion and optimisation of IT systems, in particular on the service side. Due to our growth strategy in the funds and custody segments, a further increase in Group personnel costs is expected.

DGZ·DekaBank Group's goal is to continue to expand our market position in the 2001 business year and to offer services tailored to the needs of our customers.

**strengthening our
market position**

2.5	1	2-23114	171
0.75	1	2-27300	171
2.5	1	C-93300	188
2.5	1	2-27300	1714
1	2	B-52110	1884
2	2	1-41000	1884



Wholesale Banking

Trading operations: stronger commitments beyond the euro-zone

In 2000, we successfully maintained and further expanded our trading operations, within our well-established Group structures. With a flexible product range tailored to the individual needs of big customers, we offer wholesale banking services to public authorities at home and abroad, banks, institutional investors and large corporations.

Special emphasis was placed on providing services for the Deka Group which, due the globalisation of capital markets, have become even more sophisticated and more demanding. Our bond market activities, which also ensure our issuance reputation, play an important role.

Our product range is based on the Bank's broadly positioned activities in all segments of international money, foreign currency and securities markets as well as derivative financial instruments.

**well positioned in all
market segments**

Money market operations

The European Central Bank (ECB) gained increasingly in stature last year. The Bank's policy-making bodies now act with the single voice which earlier gave the German Bundesbank so much of its strength and reputation.

After the ECB kept its key interest rates largely unchanged in 1999 – the year of the euro's launch – last year was marked by significant rate increases. The benchmark refinancing (tender) rate rose from 3 per cent at the beginning of the year to 4.75 per cent at year-end, with money market volatility remaining under control.

In June, the ECB's refinancing operations were switched from a fixed to a variable rate tender system, and with a skilled allocation policy and money market management the ECB guaranteed its interest rate supremacy. Through the publication of so-called autonomous factors, the Bank's money market management also become more transparent.

The possibility of a premature redemption of bearer bonds from the equalisation fund for currency conversion on 2 January 2001 amounting to €33 billion, possibly triggered by the government's auction of 3G mobile phone licences, also had no major impact.

In 2000, we increasingly set our sights beyond the borders of Germany, enabling us to again significantly raise the number of our European business partners. However, a large portion of our direct business is carried out abroad on the spot rather than cross-border. In Germany, significantly more than half of our business is of a cross border nature.

In the established tradition of our Bank, business was only conducted with partners with impeccable credit ratings, the vast majority of whom – as in

currency trading recovers from euro launch

previous years – were credit institutions. Our money market (overnight and term) investments totalled €11.4 billion. The percentage due from foreign partners was 45 per cent, down from 47 per cent in the previous year.

Foreign exchange trading

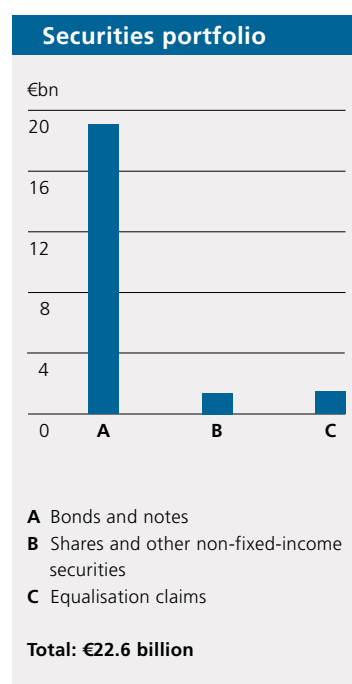
Whereas foreign exchange trading suffered in the previous year due the euro's launch and the resulting "loss" of nine currencies, it recovered considerably in the year under review and we were able to significantly expand our established international business in both the euro-zone and beyond, in particular in the US, UK and Scandinavia. Business in Asia Pacific once again played only a minor role. We anticipate that co-operation with central and east European countries will present opportunities and challenges for 2001. Here, however, it will be essential to balance detailed knowledge of these markets – which our customers expect of us – with our traditionally more risk-conscious strategies.

True to our conservative philosophy, our foreign exchange exposure is extremely limited and most of our foreign currency transactions are guaranteed using derivative instruments, currency options and forward transactions. Our open currency positions were negligible.

Our main trading partners are banks and institutional investors in OECD countries and here we registered a further increase in business with foreign central banks and international organisations.

The volume of our foreign exchange spot and forward transactions rose year-on-year by 8 per cent to €8.0 billion. Currency options and swaps played an increasingly important role. Our currency trading operations contributed positively to our operating result.

The EuroFX project, co-founded by us, to establish a system of daily foreign exchange reference rates for the world's eight major currencies now enjoys widespread acceptance. Last year several domestic and euro-zone banks joined the system.



Securities trading

Securities trading was marked by Deka Group's surge in inflows, which above all benefited our equity funds. Measured in terms of individual transactions, equity commission business was up 60 per cent compared with 1999. The fact that for the first time in several years the performance of many European and global markets was no longer positive did not impact negatively on sales. Whereas in 1999 – after transition to the euro – business concentrated heavily on euro-zone markets, last year we again registered a significant increase in foreign activity.

In 2000, bond markets were once again overshadowed for a long time by equity markets. Economic recovery in the euro-zone and the initially unchanged pace of growth in the US seemed to offer no chance of a sustained fall in interest rates in the first nine months of the year. It was not until the surge in oil prices and increasingly weak US indicators in the last quarter pointed to a slowing of growth in the western industrialised countries that interest in fixed-income securities picked up again. Compared with 10-year bunds, yield levels have declined by a good three-quarters of a percentage point between their mid-January high and the end of the year.

A number of structural changes on the bond markets need to be mentioned here. The yield differential between bunds and Pfandbriefe widened from close to 40 to almost 70 basis points during the course of the year, since international investors were concentrating almost exclusively on government issues. It was not until the end of the year that a correction looked likely. Investors also showed considerably more interest in corporate issuers, both domestic and foreign. However it soon emerged that the ratings of corporate issuers – particularly in the telecommunications sector – can change rapidly and dramatically.

Standardised finance contracts showed a positive upswing. These had suffered in 1999 from the debate on the taxation of derivatives transactions.

Income from own-account trading made a positive contribution to total income although net commission income from commission business was significantly higher.

Thanks to our large and highly diversified securities portfolio, we were significant players on international money and capital markets. In the year under review, our securities volume rose to €22.6 billion (previous year: €15.0bn), accounting for 29.5 per cent of all assets. The high proportion of securities pledged as collateral for central bank advances ensured, as in previous years, regular and adequate participation in ECB open market operations.

The volume of bonds and notes, including equalisation claims against public authorities – 93.6 per cent of our securities portfolio – amounted to €21.2 billion at year-end. The volume of shares and other non-fixed income securities rose slightly by €0.1 billion to €1.4 billion, or 6.4 per cent of our securities portfolio.

Funding: Jumbo issues advance

Short term funding

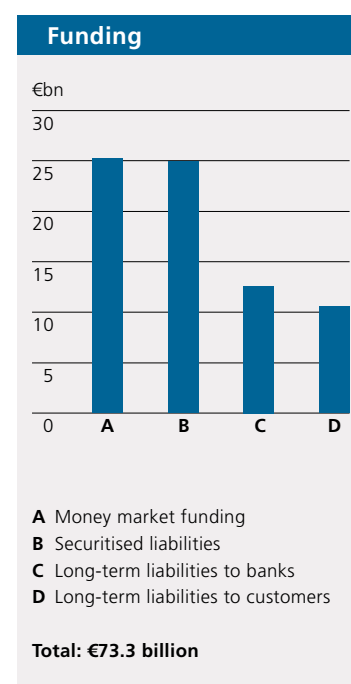
Short term funding on the money market plays an important role for us, as seen by the total volume tapped by year-end: €25.2 billion. By far the largest proportion of this came from banks.

Long term funding

Issuance in 2000 was slightly down on our 1999 record. Gross volume was €11.0 billion compared with €11.3 billion in the previous year. While the share of uncovered issues rose from €2.1 to €2.5 billion, covered issues were down to €8.5 billion from €9.2 billion.

Jumbo issuance continued to play an even bigger role and accounted for about one-third of all covered issues. In the previous year, the figure was below 12 per cent.

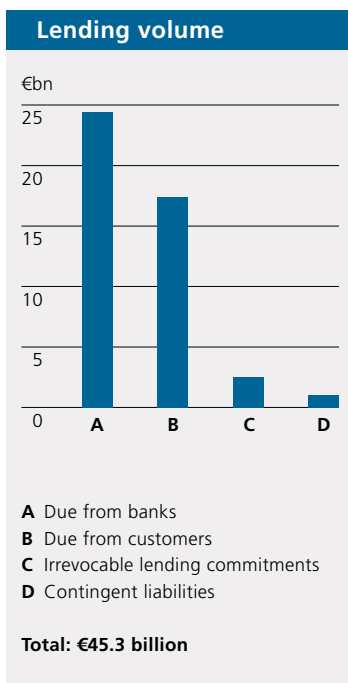
Although we were not able to avoid the overall trend towards higher funding costs and were forced to accept the wider yield spread to government bonds, we nevertheless compare very favourably to other issuers. And the reasons have not changed: our issuing activity remains moderate so that our paper does not hit investment limits in the portfolios of most institutional investors. Market making in jumbo issues, the skilled marketing of secondary market activities and the Bank's AAA rating were an additional advantage.



Underwriting business: new triple-A product

In the year under review, our underwriting activities were relatively subdued. We participated in a total of 45 new and re-issues for public and private sector borrowers, including 17 bonds of foreign issuers. We acted as lead manager for four issues, one of which was Pearl Holding's convertible (into equities) bond with a triple A rating.

We are a member of the federal tender panel and once again participated in almost all the previous year's tender proceedings. We again achieved a slight improvement in the ECB's end-of-year ranking and were awarded a satisfactory middle position.



Lending operations: solid growth

2000 was also a successful year for our lending operations. In line with our traditional focus on wholesale banking, we successfully optimised and extended our services for the public sector, banks and credit institutions, large German corporations as well as building societies, insurance companies and the property sector. Here our customers have the advantage of customised products which provide swift and comprehensive solutions.

In Berlin as well as in the federal states of Brandenburg and Mecklenburg-Vorpommern, we provide individual, tailor-made services via our Berlin office to our institutional, private and municipal business partners in property and project finance for large scale residential, commercial as well as infrastructure projects. Our office additionally acts as a link between customers and the Group's subsidiaries.

At €45.3 billion – 56 per cent of total business volume – lending volume grew by €1.5 billion. Lending to banks, at 53.8 per cent (previous year: 46.5 per cent) accounted for our largest lending position, as in the previous year. Contingent liabilities were down from €1.1 billion in 1999 to €1.0 billion, while reduced demand for irrevocable lending commitments lowered volume by 7.1 per cent to €2.5 billion. Non-bank demand was down €2.2 billion to €17.4 billion. Loans to banks, on the other hand, were up €4 billion to €24.4 billion.

Public sector finance

Despite the impact of budget consolidation, our lending activities continued to focus on the public sector in 2000 and we again provided valuable services for the federal government, its special funds and the federal states. These, together with loans to large and small municipalities, totalled €12.2 billion, a decline of €0.9 billion over 1999.

Loans to public-sector banks again registered a robust increase. Business volume in this segment rose to €19.4 billion.

**a preferred partner of the
federal government**

Although both at home and in Europe the number of market players showed little change in the year under review, we intensified our activities in Europe with public sector entities as well as with financial institutions, taking into account individual market conditions. Our loan commitments are tailored to customer needs and, where appropriate, made in co-operation with our Luxembourg subsidiary DGZ International S.A.

Our portfolio contains 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.

The risk of default among public sector customers in selected OECD countries is – with very few exceptions – negligible and puts strong competitive pressures on margins. Providing services which are both superior and tailored to individual requirements is the only way to retain today's increasingly demanding customer base and to win new partners.

Corporate finance

Our customers are among Germany's top 500 industrial and services groups, from a sector background that includes automotive, chemicals, oil, telecoms and utilities, as well as trade fair and exhibition groups and airport operators. Virtually all loans have medium to long term maturities. An increasingly important area of activity are alternative loan products, such as corporate bonds as well as acquisition financing for M&A activities. We anticipate an increasingly strong focus on these products due to the growing trend towards loan securitisation as well as the new tax landscape from 2002. Our products are aimed at leasing and factoring companies, quasi-autonomous municipal companies as well as financial institutions, for whom we also organise individual and syndicated finance. Our activities for this customer group also include syndicated finance operations in partnership with leading banks throughout Europe.

2000 was a year of solid growth. Medium and long term disbursements amounted to €1.7 billion – €0.5 billion in the alternative loan segment – spread evenly between corporate customers and banks. Lending volume was up 8 per cent over the previous year to €6.3 billion. Long term lending, which is the basis of our financing activities, amounted to €5.6 billion. Overall, this segment registered a successful year in 2000.

Real estate and municipal project finance

In the real estate financing segment, based at our Frankfurt headquarters, we offer our expertise to private and municipal property investors. New business throughout the segment was conspicuously up over the previous year, from €767 million to a total of €947 million. As a result, total loans amounted to €3,177 million (previous year: €3,051m). Financing projects abroad registered a particularly encouraging rise.

loans to top
500 companies

expertise in real
estate lending

In the commercial sector, new business was up sharply.

The volume of domestic loans slowed considerably due to our self-imposed restraint. We are keeping a close eye on developments in the domestic property industry with reference to the structural changes currently taking place in eastern Germany in particular.

Our foreign real estate financing focused on the US and Canada, favouring office property and shopping malls in large cities.

We are one of the leading institutions in municipal project finance and municipal leasing and fully intend to remain a reputable financing partner for public sector investment projects.

Global finance

Here we are involved in both traditional lending business and in short and medium term trade finance. In addition, we are active in numerous long term, export-oriented property and project financing deals, some of which are guaranteed by government export credit schemes.

As in previous years, our main emphasis in 2000 was on aircraft financing, but the number of transactions with partners in the telecoms and energy sectors also increased. We anticipate an enormous growth in demand for energy sector project financing, in particular from transition economies that are continuing to push forward privatisation and deregulation programmes. We continued, however, to scale back ship financing, already begun in the previous year.

We registered satisfactory growth in new trade finance deals thanks to the improved prospects for country risk in some regions but continue to place special emphasis on risk-reduced financing structures as well as on goods safeguards.

Risk provision

We operate in a business segment with a favourable risk profile. We have made appropriate provisions or undertaken value adjustments for unavoidable country risks, latent default risks and for bad and doubtful debts in our lending commitments.

adequate reserves

Market risk management: strict guidelines

The management of non-trading book market risks is carried out by our Treasury division. Within the structure of the relevant risk classes, management of the interest rate risk position is key. The Bank's active operations are carried out according to cost rates laid down by the Treasury division which reflect the respective financing costs at the time. Issuance-based long term financing as part of trading operations is conducted according to the guidelines of and in close co-operation with the Treasury division.

For the active management of the risk position, the Bank follows key figures laid down by the asset and liability management committee, which consists of the responsible board members and division heads of the now merged trading and treasury divisions and internal control, as well as the Bank's chief economist. Among other things, the committee determines the relevant limits for maturity gaps.

The management of market risk positions involves a number of other conditions which must be complied with at all times. For Pfandbrief issuance in 2000, it was again necessary not only to ensure compliance with the regulations on excess cover but also to achieve a consistently positive ratio with regard to the expected future exposure of cover funds and issues. Alongside the quality of the cover funds, constant position monitoring and adjustment have meant that our Pfandbriefe have been awarded top marks by the ratings agencies.

The management of our liquidity position has been simplified. The introduction of the new EU liquidity principle (Principle II) has once again narrowed the gap between regulatory and corporate targeting. The daily calculation of ratios according to Principle II illustrates the Bank's comfortable liquidity position, not just for the relevant liquidity coefficient, but also for the observation ratios in time bands two, three and four.

The analysis of the risk position and the resulting requirements and scope for trading operations are based on the one hand on data and evaluations processed by us, and on the other hand on risk figures, such as value at risk (VAR), calculated independently by Risk Controlling on a daily basis. Whereas equity price risks – as in previous years – play a limited role, foreign exchange rate risks from currency operations were hedged using the appropriate instruments. With regard to interest rate sensitivity gaps, we opted last year for a conservative approach to the increasingly flat yield curve.



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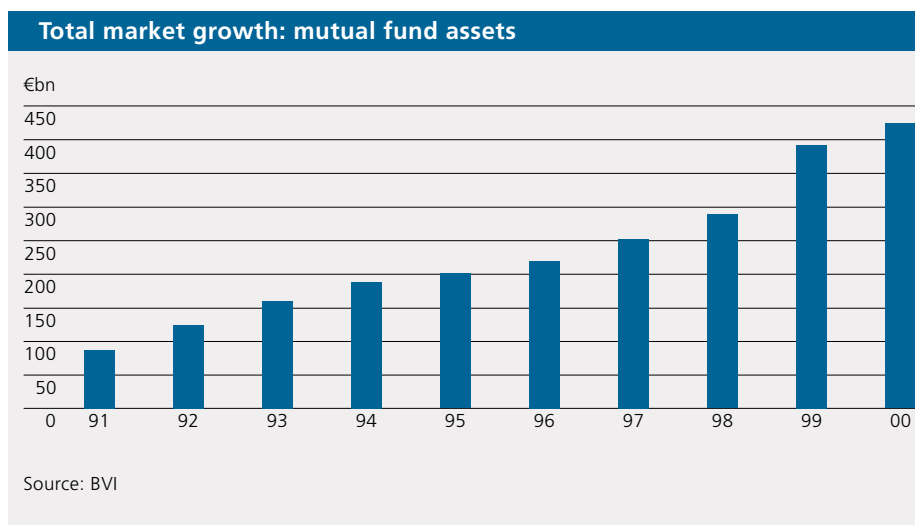
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Investment Fund Business

German investment industry – the success story goes on and on

Despite the turbulence on international equity markets, mutual and special funds posted inflows totalling €107.3 billion in 2000, just under the previous year's figure of €110.6 billion. A record €58.2 billion (previous year: €45.6bn) flowed into mutual funds, pushing up total assets under management to €423.6 billion (previous year: €392.0bn), according to figures published by the German Investment Fund Association (BVI). Assets invested in mutual funds have thus more than doubled in the past five years. And with 357 new mutual funds, 2000 also marked a record for new fund launches. By the end of the year, the German investment industry managed a total funds volume of €932.0 billion (previous year: €866.1bn).



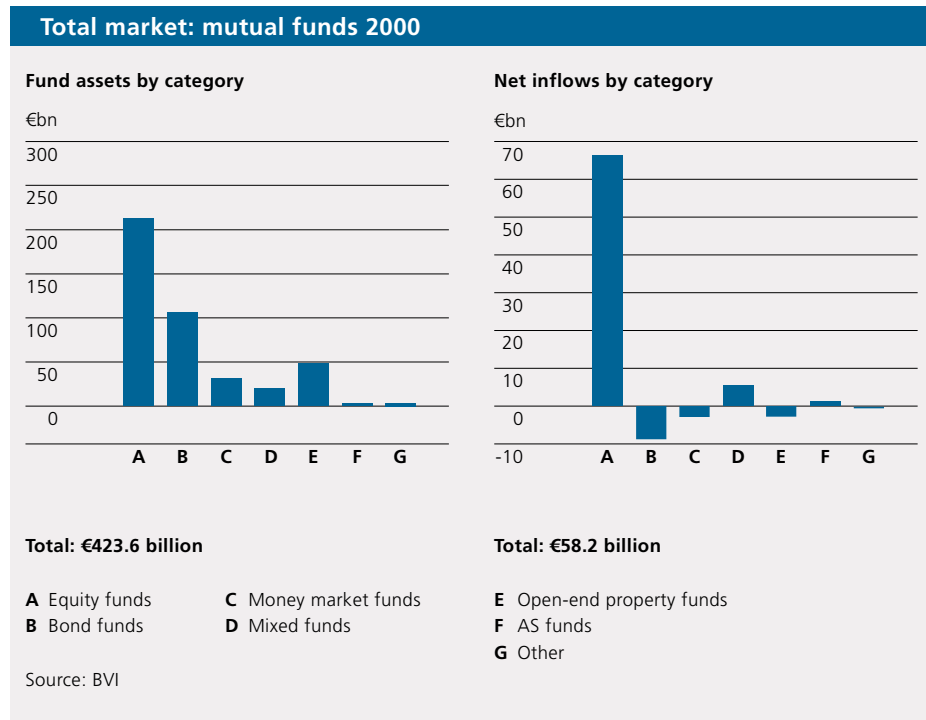
Equity funds as popular as ever

After the record year of 1999, private investors continued to favour equity funds in 2000, doubling their investment over the previous year, at €66.1 billion. Fund volume on reporting day amounted to €212.6 billion, thus confirming the structural switch to equity funds seen last year. Equity fund investment accounted for just over 50 per cent of customer assets (previous year: 45 per cent).

As in 1999, equity funds with a global investment focus remained very much at the centre of attention: inflows amounted to €16.4 billion, followed by funds with a European focus at €13 billion. Although inflows into German-oriented equity funds were up €67 million, after a marked decline in 1999, they remained far behind those into funds investing outside Germany.

Investor interest in sector funds remained strong. The heavy inflows into biotechnology (€9.7bn), technology (€8.4bn) and internet (€4.6bn) funds pushed total volume from €29.7 to €44.8 billion year-on-year.

**investor favourite:
equity funds**



Inflows show positive and negative signs

The boom in equity funds, however, led to sustained outflows from bond funds. Overall volume was down €8.8 billion, after a decline of €3.8 billion the previous year. Only bond funds with a European focus registered inflows – €1.9 billion up over 1999. At year-end 2000, German investment fund companies and their foreign subsidiaries managed bond fund assets amounting to €105.7 billion, after €112.3 billion in 1999.

Inflows into mixed funds remained robust, at €5.4 billion (previous year: €3.3bn), with assets totalling close to €20 billion.

Outflows of €2.9 billion reduced the volume of money market funds to €31.2 billion. Investors were increasingly active in 2000 and switched their capital into longer term vehicles such as equity funds. Nevertheless, money market funds continued to make headway for short term investment purposes.

Customer acceptance of AS funds – retirement products funded primarily through small-account savings plans – was satisfactory. These posted inflows of €1.3 billion, pushing up total fund volume 78 per cent to €2.8 billion.

Despite gratifying growth on property markets, open-end property funds registered outflows of €2.8 billion. After years of accumulated high liquidity, fund volume dropped – for the first time in nine years – to a normal level of €47.9 billion.

Fund-of-funds structures saw excellent growth. These products, which invest in a combination of profitable investment funds, posted inflows of €16 billion, pushing total volume up to €20.8 billion. The overall fund-of-funds range grew by 94 new products.

Variable performance

Although equity funds suffered worldwide from last year's unfavourable price developments on stock markets, they nevertheless remained yield-positive in the long term. Bond funds with a global focus achieved acceptable results and open-end property funds again proved to be thoroughly reliable, according to BVI figures.

Equity funds with a domestic focus were unable to escape the negative impact of the Dax in the short term and were down by an annualised average of 4.7 per cent. However, this was still significantly less than the decline in the Dax in the same period.

Equity funds with a European investment focus were also impacted by overall market trends, and were down 5.3 per cent. Those with a global focus followed suit, down an average 8.6 per cent.

Sector funds, on the other hand, were uneven. Biotech and pharmaceuticals rose impressively at 49.6 per cent. The biggest losers, however, were technology and internet stocks: technology-focused funds were down 19.6 per cent and internet funds more dramatically so, falling an average 55.2 per cent.

The euro's weakness as well as generally higher interest rates outside Germany earned good returns of an average 8.9 per cent for bond funds with a global focus. And even German bond funds with a euro-zone investment focus did satisfactorily. Thanks to modest interest rate declines and corresponding price rises, they were up by an average 5.3 per cent, after losses the previous year.

Money market funds in euros produced an acceptable yield of 3.8 per cent and thus remained a useful short-term haven for cash.

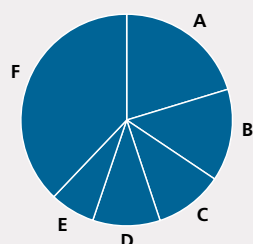
Despite the downward trend on equity markets, AS funds averaged 2.2 per cent and proved to be a reliable retirement product, even in last year's turbulent times.

Open-end property funds were up an average 4.9 per cent (previous year: 3.5 per cent) due to market recovery, confirming their reputation for stable performance.

Although the performance of mixed funds was impacted by 2000's falling markets, they benefited from the increased stability of bond funds, so that their decline was limited to 1 per cent by year-end.

good performance
for bond funds

Total market: investment business of leading investment fund companies 2000



	Market share	Fund assets	Number of managed funds
	%	€bn	
A Financial Group	20.3	188.7	1,575
B Deutsche Bank Group	14.1	131.8	584
C Dresdner Bank Group	10.5	97.8	637
D Co-operative banks	10.3	96.4	607
E Commerzbank Group	6.9	64.1	555
F Other	37.9	353.2	2,982
Total		932.0	6,940

Source: BVI

Deka Group: market position further strengthened

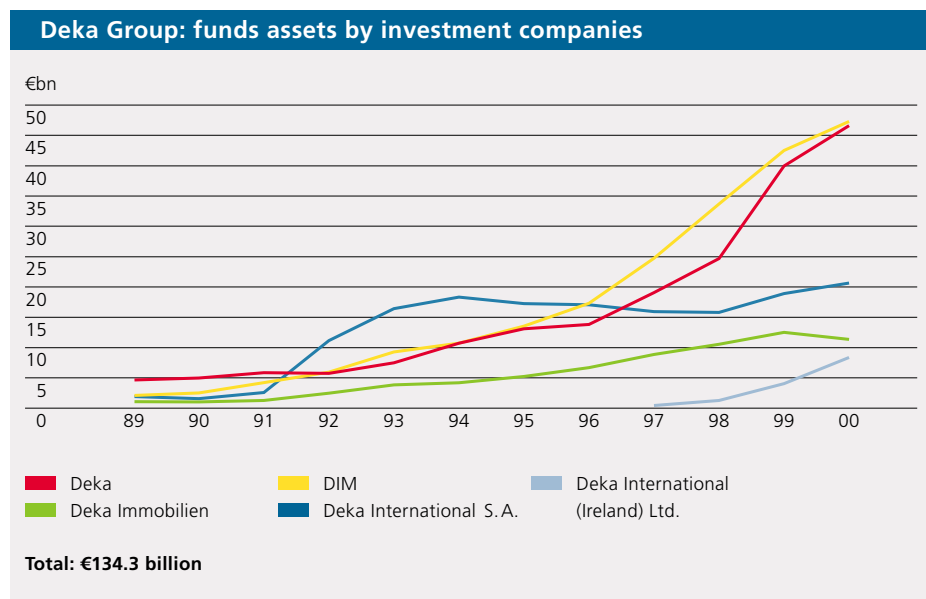
Despite the ups and downs of the 2000 equity year, the investment industry registered strong growth in which Deka Group shared, further strengthening its market position. Total assets managed by the subsidiaries of DGZ·DekaBank rose 13 per cent to €134.3 billion (previous year: €118.7bn), of which €75.7 billion (previous year: €63.7bn) was accounted for by securities and money market funds. Our DIM special funds company also registered higher inflows from institutional investors, from €42.5 to €47.2 billion. In the open-end property funds of Deka Immobilien Investment GmbH (formerly Despa Deutsche Sparkassen-Immobilien-Anlage-Gesellschaft mbH*), on the other hand, fund volume in the two mutual funds DespaFonds and DespaEuropa declined from €12.3 to €10.9 billion.

Equity ratio up again

With a volume growth of 18.9 per cent, Deka Group's securities and money market funds topped the industry average of around 10 per cent. Our market share in this segment was 20.2 per cent (previous year: 18.6 per cent), just 1.8 per cent behind the sector number one – an excellent result, considering that 10 years ago the difference was more than 20 percentage points.

In 2000, equity funds were the favourite with savings banks customers, as our Deka Group fund assets structure makes clear. Equity fund volume was up €11.2 billion (previous year: €20.8bn) to €48.7 billion, by far the biggest share of securities and money market fund assets. Bond funds were in second place at €22.3 billion, followed by money market funds at €3.9 billion. Mixed funds had a total volume of €0.7 billion.

successful leap
to sector lead

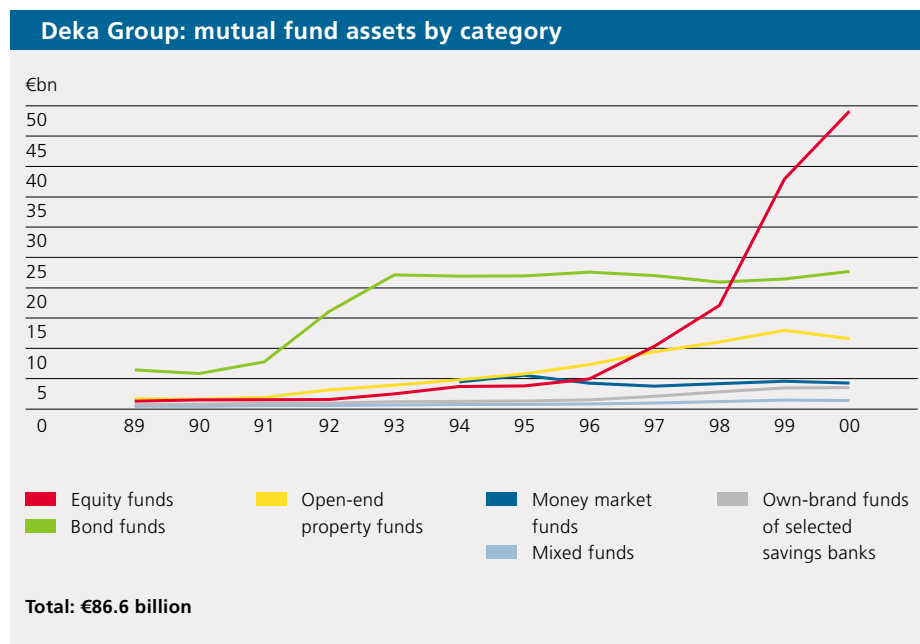


* The name change was entered in the commercial register on 27 March 2001.

The increased equity ratio shows the key role equities play in investment portfolios. After an already steep rise to 59 per cent in 1999, the equity ratio jumped to 64 per cent in 2000, again topping the industry average. The results have confirmed Deka Group's position as one of Germany's top equity fund providers.

Bond funds saw a corresponding decline. Their share of fund volume dropped to 29 per cent from 33 per cent at year-end 1999. Money market funds took a 5 per cent (previous year: 7 per cent) share, with mixed funds showing no change at 1 per cent.

"equity house" Deka



Number one in new business

Net sales of Deka Group mutual funds were up 80 per cent to €18.8 billion (previous year: €10.5bn) last year, exceeding by a large margin 1999's record results and taking a 31 per cent share of total sector sales – after 27.1 per cent in 1999 and 17.2 per cent in 1998 – to capture the number one position.

In 1999, Deka Group's gross sales topped the €30 billion mark – in 2000, sales of mutual funds were up more than €46 billion.

Deka Group also registered a 22 per cent rise in net fund inflows – over all fund types – to €22.9 billion from €18.8 billion the previous year.

Equity funds dominate net inflows

In new equity funds business, net inflows in 2000 almost doubled over the previous year from €9.3 to 18.7 billion. This meant that at year-end 2000, Deka Group managed almost one in four Deutschmarks invested in equity funds in Germany. The Group's share of total sector sales of equity funds rose to 28.4 per cent, consolidating its position as market leader in sales.

Net inflow patterns show growing investor interest in international portfolio diversification. Of particular interest were sector funds with a global focus, with inflows of €7.7 billion, and European equity funds, which attracted €6.9 billion. Of the industry's top five favourites, three were Deka products – Deka-Technologie CF/TF (+ €4.9bn), AriDeka (+ €3.3bn) and DekaSpezial (+ €2.4bn).

After a weak start at the beginning of 2000, bond markets experienced a sustained turnaround during the course of the year. Market turbulence pushed investors into looking at lower-risk alternatives, putting a larger spotlight on bond funds which made a €0.7 billion contribution to new business. This was mainly accounted for by demand for international bond funds which recorded net sales of €3.3 billion. DekaLux-Bond, which invests in fixed-income securities, grew by more than €1 billion. On the other hand, bond funds with a German investment focus did less well, with outflows of €0.8 billion.

Money market funds also posted slight outflows of €0.4 billion.

In 2000, Deka Group also became number one or further extended its existing lead in assets under management for the following segments: equity funds, open-end property funds, special funds and custody. Our fund-of-funds range was also extremely popular: more than half of the industry's inflows went into DekaStruktur:, pushing Deka Group's fund-of-funds volume up to €13.1 billion.

Start to 2001

Despite difficult market conditions, Deka Group had a satisfactory start to the new year. Net inflows into mutual funds amounted to €952 million in the first three months of the year. The open-end property funds of Deka Immobilien Investment GmbH registered net inflows of more than €459 million in the same period, and DIM special funds as much as €1.6 billion, bringing total fund assets under management to €128.9 billion at the end of the first quarter.



Mutual funds: equity funds at the centre of attention

Equity funds continued to take the lion's share of inflows in the 2000 business year, but bond funds also found increasing favour with investors. Net inflows into equity funds with a European investment focus amounted to €6.9 billion (previous year: €4.3bn), and into equity and sector funds with a global focus as much as €12.1 billion (previous year: €4.2bn).

As in 1999, European and global equity funds were the most popular products. AriDeka, which invests in European blue chips and ranked top last year too, saw strong inflows push volume up from €5.9 billion at year-end 1999 to €8.3 billion. DekaSpezial, a global-focus equity fund, was no different with net inflows of €2.4 billion pushing up fund assets to €2.9 billion. However, the performance of both funds suffered from the extremely difficult market environment, taking AriDeka down 8.3 per cent and DekaSpezial 2.2 per cent by year-end. Our sector funds DekaTeam-PharmaTech in the unit classes B and TF, on the other hand, not only recorded high inflows but posted excellent results – up 45.1 and 44.2 per cent respectively. Fund volume rose €1.3 billion to €3.2 billion.

Investor interest in bond funds focused on Deka-EuropaBond TF which recorded inflows of €722 million, RenditDeka – plus €665 million – and DekaRent-international, plus €581 million.

**traditional products
remain popular**

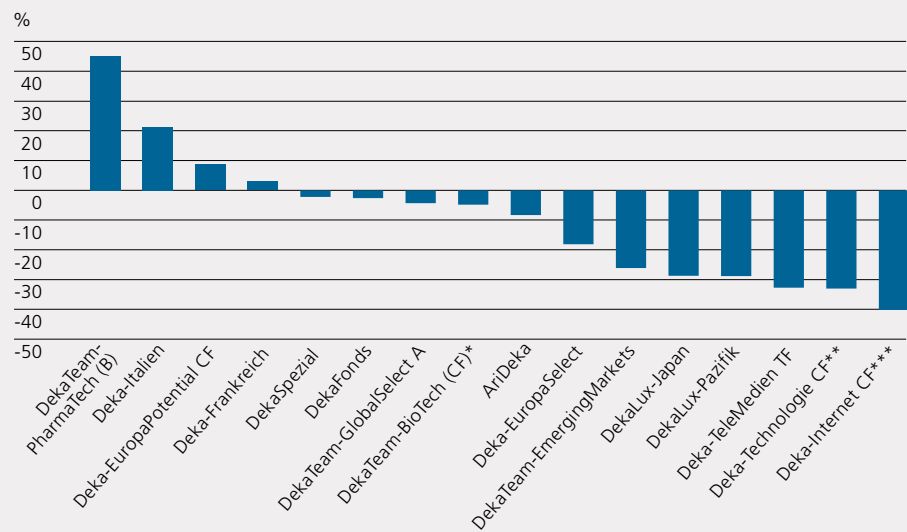
Performance: defensive stocks benefit

A number of sectors and regions had to deal with extremely difficult conditions last year and here fund performance was impacted above all by two factors: profit warnings in the technology sector led to considerable selling pressure while defensive stocks benefited from severe market volatility. This meant that high-tech funds such as Deka-Technologie CF and TF, Deka-TeleMedien TF and also Deka-Internet CF and TF recorded a clearly negative performance. The same was true for Asian-focus funds such as DekaLux-Pazifik and DekaTeam-EmergingMarkets, although both outperformed their respective benchmarks.

The best-performing funds were those investing in defensive stocks or specific countries. Alongside the sector funds DekaTeam-PharmaTech, country funds such as Deka-Schweiz and Deka-Italien did extremely well – up 21.4 and 21.2 per cent respectively – and far outperformed their benchmarks. The performance of our European small cap funds Deka-EuropaPotential TF and CF was excellent, at 9.3 and 8.7 per cent respectively.

Performance of selected Deka Investmentfonds 2000

Equity funds



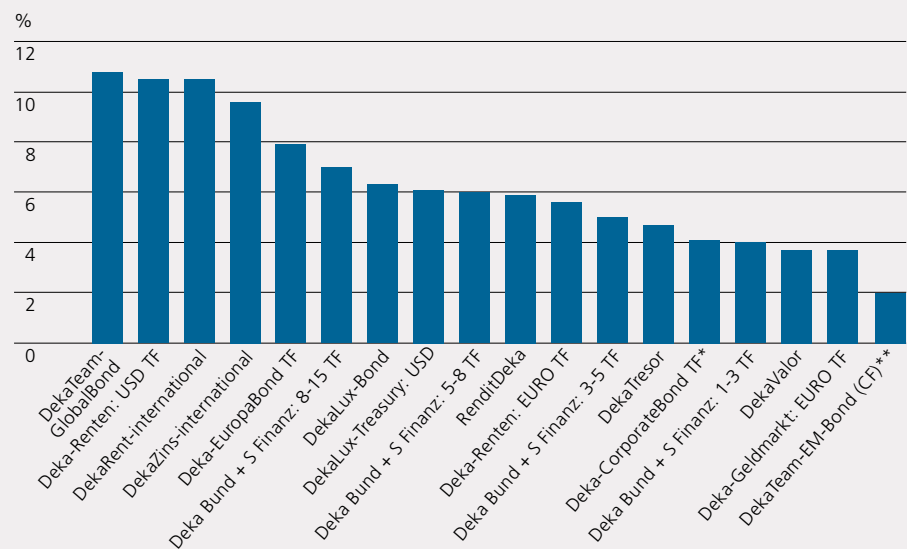
* since fund launch
19 July 2000

** since fund launch
10 January 2000

*** since fund launch
22 May 2000

Performance of selected Deka Investmentfonds 2000

Bond and money market funds



* since fund launch
27 April 2000

** since fund launch
8 March 2000



Bond funds perform well

In the light of volatile stock markets, many investors in the latter part of the year turned to the greater safety of bond funds. Substantially weaker US economic data and a slightly less optimistic economic outlook for the euro-zone towards the end of the reporting period provoked a rally in bonds. However, the overall picture was one of declining yields and hence rising prices. Our global-focus bond funds benefited from currency gains, profiting from the US dollar's sustained strength which continued into the autumn. Our top two double-digit performers were DekaTeam-GlobalBond, up 10.8 per cent, and DekaRent-international at 10.5 per cent. Excellent results were also achieved by DekaZins-international, up 9.6 per cent. Against a background of falling yields on US bond markets, Deka-Renten: USD TF performed very well, up 10.5 per cent. European-focus bonds also did well. No-front-end-load trading funds in particular, such as Deka Bund + S Finanz: 8-15 TF and Deka Bund + S Finanz: 5-8 TF, which concentrate on medium to long term residual maturities on the German bond market, underscored – with a performance of 7.0 and 6.0 per cent respectively – the importance of a simultaneously low-risk and high-yield portfolio diversification.

Property funds: enhanced performance

Record demand for German real estate

High-growth sectors such as information and communications technologies as well as new media pushed domestic demand for commercial property to record levels last year. Retail property saw a slight improvement and prime city-centre sites recorded strong demand from international retail chains.

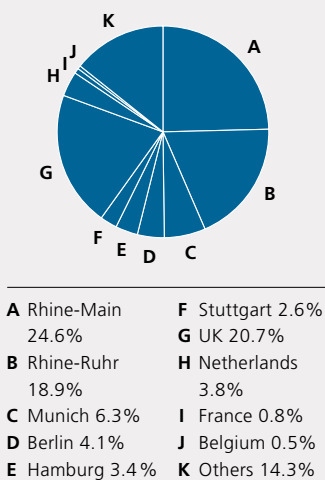
West German locations once again exceeded by a large margin 1999's high rental figures. Topping the list were the Munich and Frankfurt/Main regions, with Hamburg and Düsseldorf also achieving excellent results. Vacant office space saw a significant decline and is now well under 5 per cent. Top rents have surged, attaining levels last seen in the early 1990s. Prices also stabilised in prime retail sites.

The East German markets in Dresden and Leipzig once again remained flat. In the capital Berlin, on the other hand, there was strong demand for prime sites in city-centre locations.

Europe remains a promising market

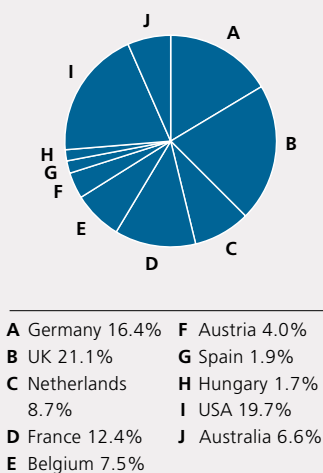
DespaFonds

Property portfolio by region
(% of market value)
as at 31 December 2000



DespaEuropa

Property portfolio by region
(% of market value)
as at 31 December 2000



Flourishing property markets worldwide

Stable economic growth driven primarily by exports and growing domestic demand in all countries led to extremely high demand for office space on European property markets. The decline in available space means that there is now only a limited amount of large single units. The majority of unfinished or planned projects have already been pre-rented. Rents have risen enormously on some west European markets. Rents in central European countries, such as Poland, the Czech Republic and Hungary, have declined due to the large number of new sites and rising vacancies, but increasing demand may level the situation out in the medium to long term. Despite lower yields in certain areas, Europe remains an attractive market for institutional investors.

In the US, commercial property is flourishing across the board. The positive economic climate led to higher-than-expected city-centre office rents. In Australia, the 2000 Olympic Games triggered the country's economic and property upswing.

On the UK market, London was the principal beneficiary of the high demand for office space in the financial services and telecoms sectors. Rents – with west end prices registering above-average rises – remain the highest in Europe. Although the number of new projects has increased, the situation is not expected to ease before the medium term.

Property markets in the Netherlands showed little change. The supply of modern sites remains low and rents rose substantially. There is hardly any vacant space in Amsterdam, The Hague, Rotterdam and Utrecht.

Demand for office space in Brussels, Belgium's most important property market, was high in both city centre and peripheral locations. Rents were up marginally, with the relatively large volume of new space easing pressures on the market.

Luxembourg's importance as a financial centre fuels the city's strong demand for office space, and the supply of new space was unable to keep pace with demand. Vacancy rates are among the lowest in Europe and point to further rises in rental prices.

In Austria, most of Vienna's new building activity is concentrated outside the city centre in the south and east. A low vacancy rate led to strong demand for office space, but prices remained largely stable.

In France, the Paris and Ile-de-France areas have become a favourite among institutional investors looking to buy. The office market was extremely busy and the lack of supply pushed up prices substantially. Triangle d'Or, La Défense and the burgeoning western suburbs on the Seine are the most sought after locations.

On the Spanish market, office rents in Madrid and Barcelona were up considerably. Both cities have a totally inadequate supply of modern space and new property is almost always rented long before completion.

Demand for office space in the Hungarian capital, Budapest, eased last year and was unable to keep pace with the growing volume of new space, leading to a decline in rental prices.

The perennially booming US economy continued last year to fuel strong demand for commercial property. The volume of available space in city centres declined, and New York and San Francisco in particular saw above-average rent rises.

The Australian economy registered positive growth. The demand for office space was up in Sydney, now a major financial centre in the Asia Pacific region. A declining vacancy rate is likely to push up rents.

Higher performance for DespaFonds and DespaEuropa

After the high inflows of previous years, outflows in 2000 resulting from sales-inhibiting measures amounted to €1.5 billion for both funds. With a market share of 22.8 per cent (previous year: 24.5 per cent), Deka Immobilien Investment GmbH (formerly Despa Deutsche Sparkassen-Immobilien-Anlage-Gesellschaft mbH) nevertheless remained the undisputed market leader in open-end property funds.

In the special fund segment, the volume of the three Deka Immobilien Investment-managed funds almost doubled to €430 million. Overall, Deka Immobilien Investment GmbH managed a fund volume of €11.3 billion at year-end, of which €6.7 billion was managed by DespaFonds and €4.2 billion by DespaEuropa.

DespaFonds

In 2000, the fund acquired 19 properties in Germany and one in France with a total investment volume of €415.8 million and consisting of fully rented office and retail properties in Bad Vilbel, Berlin, Bonn, Dreieich, Frankfurt am Main, Freiburg, Hannover, Nuremberg, Ratingen, Stuttgart, Wiesbaden, Wolfsburg (home to VW) and Paris, a hotel in Eschborn near Frankfurt, logistics centres in Bruchsal and Frankfurt airport and a business park in Raunheim. To enhance our portfolio structure, one property valued at €19 million was sold. Good results were achieved from our rental activities, and the vacancy rate was down to only 3.6 per cent at year-end.

Our real estate portfolio contained a total of 152 properties, nine of which are under construction. As for our real estate outside Germany, 25.8 per cent of all property assets (including their market value) were invested in 10 properties in Belgium, France, the UK and the Netherlands.

DespaEuropa

At year-end 2000, DespaEuropa's portfolio contained more than 55 properties, 44 of which are located abroad. 17 properties (3 of which are in the project stage) in six European countries and the US, totalling €1.14 billion, were acquired. These include office and retail properties in Amsterdam, Berlin, Brussels, Düsseldorf, Hamburg, Luxembourg, Madrid, Paris, Rotterdam/Capelle, Stuttgart and Vienna, a logistics centre in Amsterdam and a hotel in Düsseldorf. We added one prestigious New York property to our US portfolio. Foreign real estate accounts for 83.6 per cent of the fund's total assets (including market value).



Frankfurt am Main: Herriot's



New York: Financial Times Building

significantly improved performance

Performance

Performance including reinvestment in the 1999/2000 investment fund year – from 1 October 1999 to 30 September 2000 – improved significantly, with DespaFonds up 4.6 per cent and DespaEuropa up 5.6 per cent over the previous business year. This was mainly due to the perceptible decline in liquidity, the upswing on the German real estate market driving substantial increases in the rents and market value of domestic properties, and book profits from completed project developments. Property yields were up for both funds: 7.3 per cent (previous year: 5.5 per cent) for DespaFonds and 13.0 per cent (previous year: 12.7 per cent) for DespaEuropa.

The performance forecast for DespaFonds is 5.5 to 6.0 per cent for the year ending 30 September 2001; for DespaEuropa we anticipate a performance of 6.0 to 6.5 per cent.

tax-efficient investment products

Both funds are in the long term a safe and – especially for tax purposes – attractive investment vehicle, and are also ideally suited for private retirement planning. 62.9 per cent (private assets) and 49.0 per cent (operating assets) of the yield in fiscal 1999/2000 was tax-free. DespaEuropa's tax-free component (private and operating assets) was 54.7 per cent.

Outlook

The robust health of the German property market with its high rental performance in 2000 has continued into 2001. Continued high demand together with a low level of supply will lead to further rental increases in west German cities and in Berlin. Consolidation is continuing in east German locations, and stable growth is anticipated on the European and overseas markets Deka Immobilien Investment GmbH has invested in.

DespaFonds plans to invest primarily in the domestic market in 2001, and particularly in Berlin, Frankfurt am Main, Düsseldorf, Hamburg and Munich. Our own project developments will continue to play a key role. Selected properties will also be sold in order to enhance our portfolio structure.

DespaEuropa focuses mainly on European countries, and here we plan to expand our portfolio in existing markets and move into new and promising markets such as Denmark, Italy, Portugal and the Czech Republic. We are also keeping a close look at overseas markets. We intend to continue to optimise our portfolio and to further diversify the utilisation spectrum.

Special funds: high inflows continue

With close to 500 new special funds launched in 2000 – an increase of 10.5 per cent – and net inflows of €47 billion, special fund volume totalled more than €502 billion (up 7.0 per cent). At year-end 2000, the 55 BVI-listed investment companies managed 5,222 funds for institutional investors with an average fund volume of more than €96 million. The total number of special funds has doubled in the past five years, with volume tripling in the same period.

The continued interest shown by companies, banks, insurers, foundations as well as churches and charitable organisations points to the increasing need for efficient and yield-enhanced liquidity management.

We anticipate in the next few years an increasingly dynamic market, with occupational pension funds using the special funds framework. The tax and legal environment, however, needs further clarification.

Total annual market growth: special funds

Annual growth	1996	1997	1998	1999	2000	% growth since 1990
Number of funds (in %)	12.3	18.3	21.4	12.4	10.5	12.2
Fund volume (in %)	27.4	39.6	31.4	28.2	7.0	24.2

Source: BVI

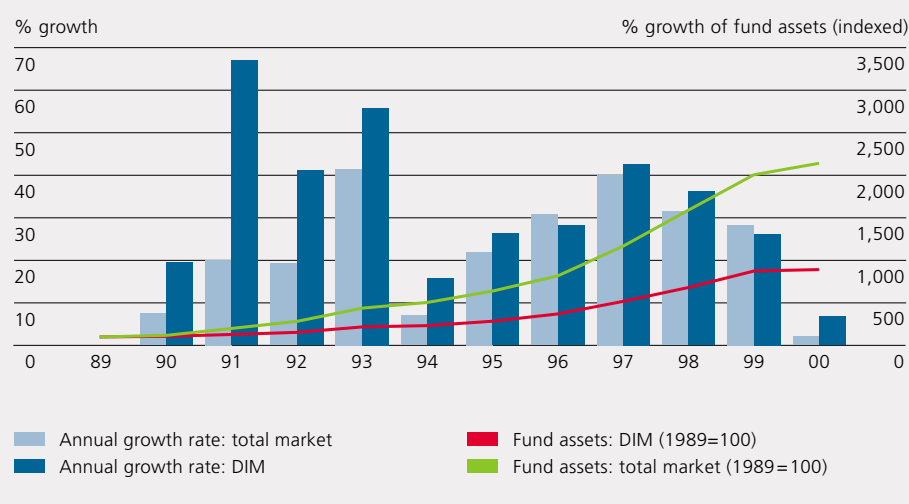
DIM: new market leader

Deka Investment Management GmbH (DIM) succeeded in expanding its market position in an increasingly competitive market. Thanks to strong staff commitment, consistent and reliable customer care and robust performance, by June 2000 the news was official: number one in fund volume with a market share of 9.4 per cent. With the launch of 106 special funds, DIM managed a total of 683 funds and successfully defended its top position. Net inflows, impacted in the past few quarters by industry restructuring, placed DIM in number two position with a market share of 11.5 per cent, up a net €5.4 billion. Two-thirds of net inflows resulted from increases to existing funds. Such a positive ratio points to the high degree of customer satisfaction.



DIM market position

	1997	1998	1999	2000
Ranking				
Net inflows	1	1	3	2
Number of funds	2	1	1	1
Fund volume	3	3	3	1




For DIM, these results are an incentive to not only defend its position but to work towards further expansion, a goal that will be increasingly important as more and more global competitors and market entrants from related sectors attempt to establish themselves on the market. DIM's strategic goal is to use a well-diversified and top-quality product range to offer existing and potential customers solutions tailored to their individual needs.

customised products**DIM market growth****Custody: en route to success****Good results – at home and abroad**

At year-end 2000, a total of 4.6 million custodial accounts were managed by DGZ·DekaBank and its subsidiaries, including fund-based asset management services, a substantial increase of 1.6 million accounts over the previous year.

Fund-based asset management services are carried out by our subsidiaries DekaBank (Luxemburg) S.A. – with  DynamikDepot – and Deka(Swiss) Privatbank AG with Schweiz PrivatPortfolio. Both products showed extremely gratifying growth last year. The number of  DynamikDepot accounts – with a total of €6,830 million in assets – rose to 162,236. Schweiz PrivatPortfolio had 50,323 accounts at year-end with assets totalling €2,552 million. More details are available in the section on asset management.

1.6 million new accounts

DekaBank (Luxemburg) S.A. additionally operates  LuxDepot custodial accounts, in which fund shares of Deka Group and its partner banks can be deposited. In line with the trend towards switching assets into actively managed  DynamikDepot products, the number of accounts fell by around 5,000 to 15,619 by year-end.  LuxDepot account volume was down €0.1 billion to €1.5 billion.

Customers of Deka(Swiss) Privatbank AG can also opt for custody through DekaSwiss Depot. Here, account numbers also fell – from 5,844 at year-end 1999 to 5,091 at year-end 2000 – as customers show increasing preference for fund-based asset management. The total volume of assets managed in Deka-Swiss Depot accounts amounted to €0.4 billion (previous year: €0.6bn).

Further growth in custody and investment services

The majority of custodial accounts are DekaBank and Deka AS accounts managed from Frankfurt by our custody and investment services. In the year under review, account numbers continued to show steady growth.

The number of custodial accounts rose again steeply, to 4.323 million. New DekaBank accounts numbering 1.683 million brought the total to 4.278 million. The number of AS accounts rose to 45,000.

Whereas the average account size, at €9,500, was slightly down over the previous year due to market developments, the total volume of all DekaBank and Deka AS accounts amounted to €41.4 billion at year-end 2000, up almost 30 per cent over year-end 1999.

These results were also confirmed in individual investment segments. With assets of €1.2 billion in 1.4 million VL accounts (government-backed asset-creation plans), accounting for close to 3 per cent of total account volume, this form of savings has become an increasingly popular option. Regular savings contributions in investment fund vehicles also found increasing favour with investors. The number of regular direct debits doubled to more than 1 million compared with the previous year, driven in large part by private retirement planning.

Larger fluctuations in the number of securities orders compared with the previous year were due to highly volatile markets. Order volume on certain days amounted to more than five times the daily average.

More services

The volume rises and fluctuations which characterised 2000 were handled by a series of measures:

To extend our workforce capacity we opened an office in Leipzig, more details of which can be found in the chapter on staff.

The electronic link established in 1999 via the dvg Hannover and Informatik Kooperation Münster computer centres for online securities orders was developed even further, so that virtually all standard business events – such as buying, selling, switching, opening accounts, changes, regular payments – were carried out here.

government-backed
asset creation schemes
increasingly popular

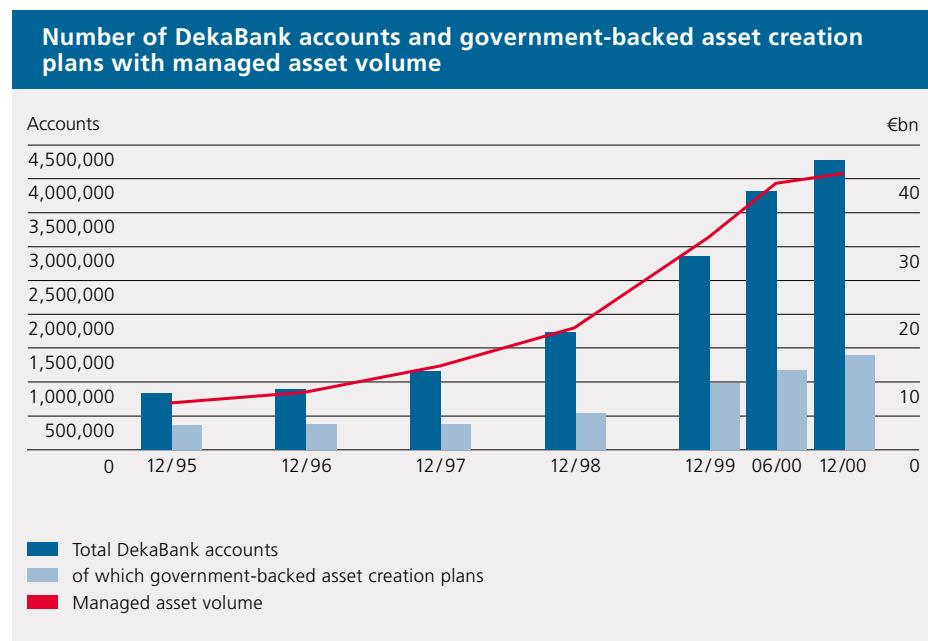
Thanks to the excellent web-based access savings bank advisers have to custody services via DekaOnLine, we have substantially improved the processing quality and efficiency of our key service for investment customers. DekaOnLine has been expanded to include one-off and regular buying, selling and switching orders, and further standard business events are planned for 2001.

These developments are certainly something to be proud of. At year-end 2000, one-third of all standard business events were executed by savings banks online and on-site.

And in autumn 2000, we provided customers with an additional service – our complete range of services is now available on our www.deka.de website, details of which are available in the section on eServices.

2001 targets

This year, our goals are equally ambitious. We plan to complete our online savings banks link for standard business events and supplement it in the course of the year with more information and modules for advisers, which we expect will increase the proportion of online activity even further. We also intend to develop new and existing account products and service areas, such as private retirement planning. For 2001, we anticipate further steady growth in the number of new customers as well as new accounts, despite the volatile market situation.





Asset management: confident investors

Fund-based asset management offers private investors a professional approach to capital investment. Long term asset growth through structured management systems is finding increasing acceptance. Based on professional expertise and special market knowledge, asset management offers investors customised investment concepts with clear yield-risk profiles tailored to the individual's attitude towards investment, to which investors would not generally have access in this form.

In practical terms, the decision-making process involves making a large number of strategic decisions in the course of a business year, and the frequency with which these are adjusted depends on the overall economic situation, capital market trends and many other factors. Taking into account market developments, the optimal management of asset classes – equities, bonds, property, cash – as well as a more or less global account focus can help increase the value of an investor's total assets.


Despite the difficult conditions on capital markets in 2000, the trend towards asset management continued unabated. In a largely negative global equity environment, however, even active asset management cannot completely prevent market developments from impacting on the assets managed. But what it can do is to take steps to cushion any possible falls by means of selection and diversification. The speed and violence with which markets can change was made extremely clear last year. In this kind of situation, even the best-researched forecasts can soon turn out to be worthless. In an environment where even blue chip companies can see their share price fall by 90 per cent in one year, only the systematic structuring of assets according to asset class, and the continuous monitoring and adjustment of these structures to market conditions can help limit unavoidable losses.

When equity markets are weak, asset management can, for example, reduce the equity ratio within the framework of the respective account structure or try, within the structure, to switch from an aggressively oriented equity fund into a more defensive one. These strategic decisions are then tactically put into practice by flexible fine-tuning. In bond-heavy investments, for example, adding funds with a foreign-currency component can generate additional yields if the national currency (euros) is on the weak side or yields are significantly higher abroad.

trend to asset
management continues



Deka Group fund-based asset management



Account type	Number of accounts				Volume			
	SDD		SPP		SDD		SPP	
	Accounts*	%	Accounts	%	€'000	%	€'000	%
Ertrag	3,481	2.1	5,470	10.9	172,598	2.5	323,903	12.7
ErtragPlus	11,986	7.4			554,257	8.1		
Wachstum	76,273	47.0	25,799	51.3	3,581,227	52.4	1,357,487	53.2
Chance	46,964	29.0	19,054	37.8	1,781,935	26.1	871,110	34.1
ChancePlus	23,532	14.5			740,507	10.9		
Total	162,236		50,323		6,830,525		2,552,500	
			212,559				9,383,025	

SDD  DynamikDepotSPP  Schweiz PrivatPortfolio

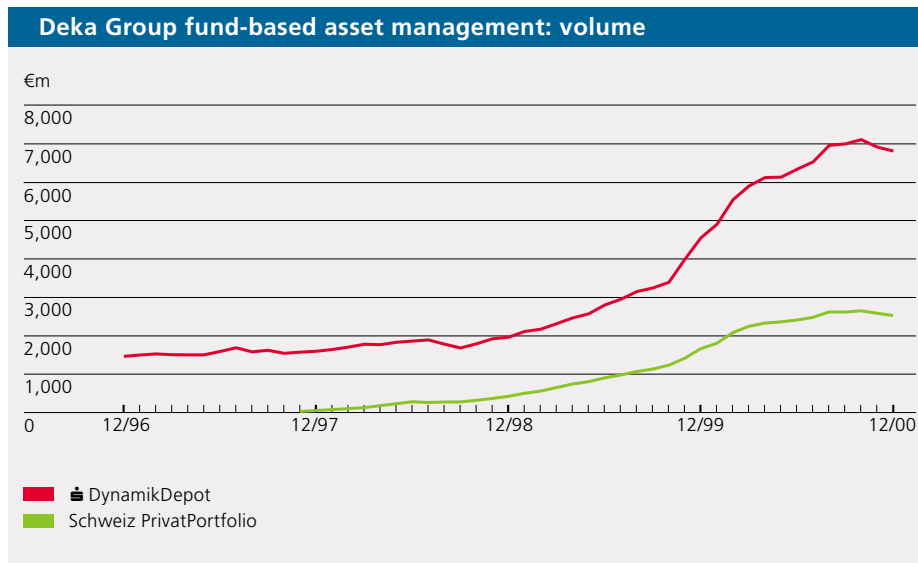
* Active accounts

Strong demand for management concepts

With our two asset management products,  DynamikDepot (SDD) and Schweiz PrivatPortfolio (SPP), we are one of Germany's leading providers in terms of fund assets. With a minimum outlay of €15,000, investors can choose between  DynamikDepot – established in 1993 – administered by our Luxembourg subsidiary DekaBank (Luxemburg) S. A. and asset-managed in Frankfurt am Main, and our Schweiz PrivatPortfolio of Deka(Swiss) Privatbank AG, managed by our partner bank, Lombard Odier & Cie. and offering traditional Swiss banking expertise. Our asset management team have access to a universe of around 220 dedicated funds including those of our partners Lombard Odier & Cie., J.P. Morgan and Swissca, the investment arm of the Swiss cantonal banks. Of key importance here is that our asset managers have uninterrupted access to detailed sources of information about this fund universe.


 DynamikDepot and Schweiz PrivatPortfolio produced an attractive performance, seen from a medium and long term view. Depending on account type,  DynamikDepot investors had an average annual return of between 5.2 per cent (on the bond-only Yield account) and 12.5 per cent on the equity-heavy Opportunities account. Our ErtragPlus (YieldPlus), with an up to 25 per cent equities component, and ChancePlus (OpportunitiesPlus), an equities-only account, both launched in 1998, achieved a three-year average performance of 7.9 per cent and 17.7 per cent respectively. Since its introduction over three years ago, Schweiz PrivatPortfolio has enjoyed average annual returns of between 8.2 per cent in the Yield version (up to 30 per cent equity component) and 15.5 per cent in Opportunities (up to 100 per cent equities).

at the top in fund-based
asset management

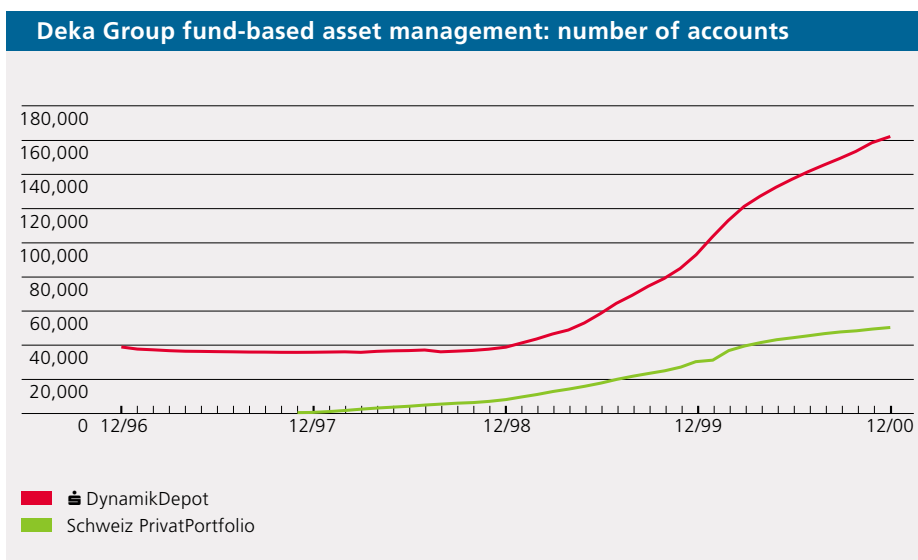


Deka Group increases its market share

In spite of the difficult market environment, our fund-based asset management once again registered a sustained improvement in performance in 2000, in particular with equity-oriented account types.

At year-end 2000, we managed assets totalling €9.4 billion Group-wide in our two asset management products,  DynamikDepot and Schweiz PrivatPortfolio, a 50 per cent increase over year-end 1999. More than 90,000 customer accounts were opened in one year, pushing up the total number of accounts from product introduction to year-end to 212,559. The new account types introduced during 1999 – Schweiz PrivatPortfolio-Franken and -US Dollar had a successful first full year of activity.

Thanks to this extremely positive growth, Deka Group's share of the asset management funds segment was up from 20 to 25 per cent in one year.

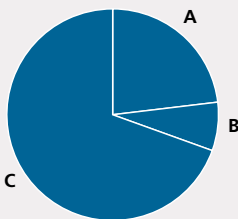


Fund research

For Deka Group and our marketing partners, we examine and analyse our own special assets as well as those of our partner banks: the regular e-commerce updates on the internet and in the print media are based on our data and analyses. In addition, our fund research unit plays a major role in our asset management concept. And we are now increasingly looking beyond Deka's fund universe to the products offered by other investment companies.

The Bank provides its customers with information through yearly and monthly profiles used by Sparkassen advisers as a supplement to *Deka Investmentfonds Spezial*, a reference publication with a circulation of 50,000, in their discussions with customers. This ensures our customers receive up-to-the-minute and comprehensive advice.

Active quantitative products by product type



- A** Sigma-Plus mandates (non-benchmark-driven) 23.1%
- B** Multi-asset mandates (benchmark-driven) 7.4%
- C** Share mandates (benchmark-driven) 69.5%

Financial engineering & consulting: highly dynamic growth

The newly reorganised (in early 2000) financial engineering & consulting division pools its considerable expertise to develop innovative and successful quantitative products and investment strategies for all Group subsidiaries and divisions. In addition, we deliver exclusive solutions in all aspects of asset management not only for our subsidiaries and partner banks but also for customers.

Our product line currently includes benchmark-driven products, i.e. products which use a market index as a benchmark. These include:

- the quantitative equity management system, which analyses on a monthly basis the attractiveness of individual stocks from a worldwide universe of around 1,100 stocks. With the help of a yield forecast, we transfer the results in an independent portfolio optimisation procedure risk-controlled into customised portfolios
- the quantitative bond management system: here we draw up complete yield curve forecasts on a monthly basis for the four major bond markets (US, euro-zone, Japan, UK). The results are also transferred risk-controlled into portfolios, using state-of-the-art bond optimisation methods
- the quantitative spread management system (since autumn 2000): a model-assisted pricing of credit risks. Here euro-zone corporate bonds are managed on the basis of quantitative spread forecasts for currently around 500 individual securities. The system is used as an independent product and also in combination with government bond portfolios.

The other products we offer are the explicitly non-benchmark-driven Sigma Plus range, an in this form unrivalled absolute return product. For a pre-defined risk profile – measured with one-sided risk dimensions for the downside – we calculate on a monthly basis the global allocations required to achieve the highest absolute yield from equities, bonds and liquidity for the pre-defined risk profile.

peerless product range

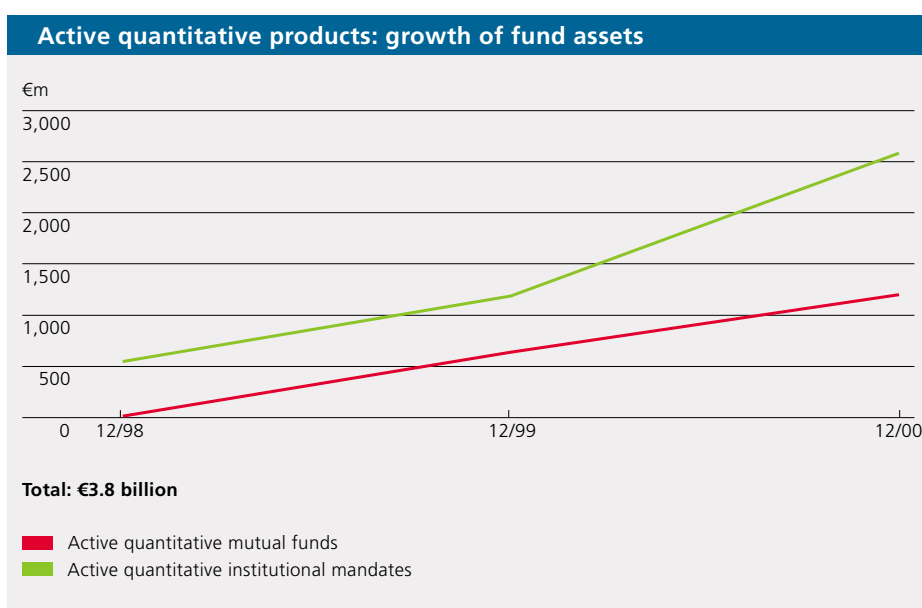
Our entire range of active quant products are marketed both domestically and internationally. At the end of the first quarter of 2001, the volume managed totalled €4 billion in 60 mandates. These also include 3 equity funds: our global DekaLux-GlobalValue, our European-focus Deka-EuropaValue and an occupational pension fund, Deka-bAV Fonds.

This excellent performance despite a negative market environment as well as the fact that our active quant products meet international standards are the main drivers of the dynamic growth in this segment – the volume of managed assets has doubled annually. As a result, we are not only ahead of our competitors on the domestic market, but are also beginning to reap success on a global scale.

Our reach, however, also includes delivering professional solutions across the entire spectrum of asset management. In the institutional business in particular, complex investment problems need to be addressed before we can deliver a concrete offer.

Issues of this kind generally fall within the remit of asset liability management. In the previous year, we were charged with drawing up solutions packages in 17 cases. One example was an asset-liability study drawn up for a life insurer looking to adopt an overall investment structure. Based on a detailed plan of the company's commitments, we developed not only a liability covering strategy but also detailed how to generate the potentially highest surplus – assuming permanent solvency, of course.

Another key area were feasibility studies carried out for the management board on topics such as guarantee products, venture capital and credit risk derivatives. We also undertook a number of other projects within the framework of Development and Consulting Services for Fund-Independent Solutions. These included calculating the fair value of a claims profile and the fair pricing of an overseas loan.



Marketing: success for Deka Investmentfonds

Modern marketing and sales planning

The Bank sees itself as an allround central service provider in the investment fund business of the German saving banks organisation (Sparkassen Organisation). With our newly-positioned planning and event concept in conjunction with our marketing partners, the German savings banks and landesbanks, we meet the needs of state-of-the-art market and marketing partner-oriented business methods. Through the implementation of our so-called strategy circle, the savings banks and landesbanks are even more closely integrated into our systematic marketing and planning process.

In round one, in spring 2001, future products, trends and strategies for the coming years were discussed. A second round in summer 2001 will focus on operational product and marketing planning for the coming year as well as strategy realisation in the other marketing mix areas.

The key marketing and thematic issues in 2000 were the core investments via funds of funds, in particular the launch of DekaStruktur: 2. We also finessed our product range for new economy sector funds with Deka-Technologie CF/TF, DekaTeam-BioTech and Deka-Internet CF/TF. With a view to differentiating more sharply between the ratings of our bond fund products, we also launched funds which invest in emerging market bonds or in corporate bonds.

With the market launch of DekaStruktur: 3, our major focus in 2001 will remain on funds of funds. We also plan to address the structured expansion of our sector fund range.

Successful brand development

The investment industry is booming, a fact also documented by the large number of German companies and the sharp rise in the number of foreign companies moving into the German market. As there is hardly any difference between their products any more, a company's brand – its image and market position – is becoming increasingly key and this is why a major portion of our marketing energy in 2000 went into building the Deka Investmentfonds brand. Our goal has been and remains to support our partners, the savings banks and landesbanks, in developing their investment expertise and through the emotional and physical proximity to savings banks make Deka Investmentfonds stand out from its competitors.

TV spots, advertising themes, and savings banks branch advertising have made their mark: Deka is the most well-known investment fund company in Germany. Since the launch of the campaign in November 1999, spontaneous recognition levels have doubled. At the end of last year, one in thirteen polled remembered having seen Deka advertisements. And the figure has doubled since the beginning of this year and risen fivefold since the beginning of the campaign.



Germany's best known
fund brand

As a result of these activities, we have achieved our goal of emphasising our close relationship with savings banks. The public perception that "Deka" and "savings banks" belong together is far stronger now (38 per cent) than when the campaign began (26 per cent).

Expansion of Group business

2000 was marked by conceptual planning and broadening sales via the sales representatives of public-sector insurance companies and regional public-sector building societies (Landesbausparkassen). The realisation that more and more public sector insurers are today successfully selling fund-based life insurance lay behind our policy of increasing Deka Investmentfonds sales through this particular marketing channel. Our concept is one which is transactionally optimal for all partners – insurers, savings banks and DGZ·DekaBank – and we are confident that its successful implementation will enhance the marketing activities of the insurance representatives.

The fund marketing through partner companies concept is also becoming increasingly important for regional public-sector building societies. After some societies successfully tested the joint sale of mortgage loans and fund investment, we are now working together to successfully develop our co-operation.

A stake in the future

DGZ·DekaBank has cemented its co-operation with Switzerland's cantonal banks by taking a 10 per cent stake in their investment arm, Swissca Holding AG. We have been co-operating successfully since 1998 in the mutual marketing of each other's products.

The stake gives our partnership a new, international dimension. With the mutual opening-up of marketing channels, Deka Investmentfonds will for the first time have access to a highly developed marketing network beyond Germany's borders. And in return our product range will now include selected Swissca products. Through both sets of shareholders – Swissca via the cantonal banks and we through the savings banks – we will have access to the largest branch network in our respective home markets.

With the purchase of a 40 per cent share in WestInvest Gesellschaft für Investmentfonds mbH, a subsidiary of Westdeutsche Immobilienbank, we have launched a two-brand strategy in the property fund segment. Thanks to the accumulated funds of Deka Immobilien Investment GmbH (formerly Despa) and WestInvest, the savings banks organisation now has access to both the most comprehensive and the most target group-specific product range in the open-end property funds segment.

Swissca 
Investmentfonds

WestInvest



Well-established partnerships

Thanks to our co-operation with US investment bank J. P. Morgan and Geneva-based Lombard Odier & Cie., launched in 1997, and through our Irish subsidiary Deka International (Ireland) Ltd., Dublin, we continued to successfully market mutual funds under the DekaTeam and DekaLOC brands last year. The volume of funds marketed by all three partners totalled around €15 billion as at 31 December 2000.

eServices: our way to the web

www.deka.de

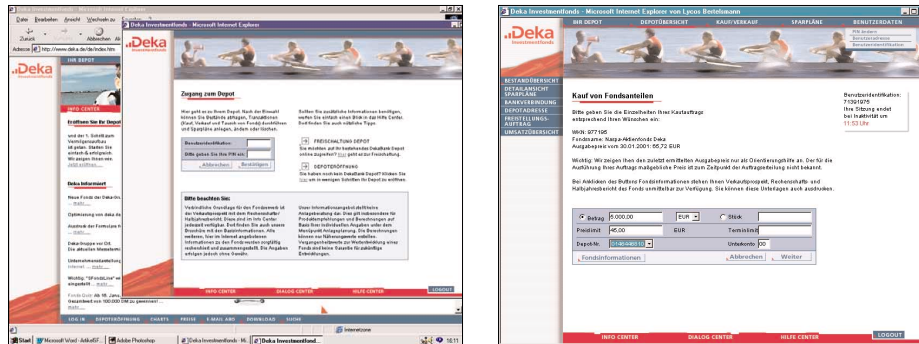
The launch of our internet platform for the online marketing of Deka Investment-funds and account management in September 2000 was successfully completed after an unusually short implementation period of six months. With our brand new website – www.deka.de – we now provide a powerful alternative to the services of online brokers and our other competitors. Our website adds a key building block to the multi-channel marketing options of the savings banks and has had a widespread and extremely positive response. Deka.de strengthens customer loyalty in a hugely promising business field. By the end of the first quarter of 2001, 175,000 DekaBank accounts went online and more than 2,000 new accounts were opened online. Around 7 per cent of all customer orders are placed online.

Deka.de focuses on making the traditional products of DekaBank accounts available online, such as buying, selling or switching fund units. Arranging payment and withdrawal plans –  FondsPlus or  FondsReturn – and VL savings plans are key components of our service. Customers can also open new accounts online and arrange for the online management of existing accounts. Other attractive services include information on funds and stock markets, interactive investment planning, product information downloads as well as a fund service consisting of a sample account and an e-mail-based prices service for subscribers.

At the heart of our planned expansion is customisation. We want all our online customers to be able to select information according to their personal preferences and to have access to special services. And a key element of these developments will be integrating the Deka range into savings banks websites.

perfect launch for
e-commerce

In this way, deka.de provides a state-of-the-art addition to our traditional marketing channels. With an average 9 million page visits per month, deka.de has leapt ahead of its online competitors just a few months after its launch. Integrating the savings banks and landesbanks websites is intended to make a key contribution to customer capture and retention for the banks.



Group and subsidiaries on the web

Our Group website www.dgz-dekabank.com was also launched in September 2000 and offers information on our entire range of products and services as well as our history, structure and organisation. It also contains a jobs section including information on career prospects, and additionally a press service.

Our internet presence is seeing strong expansion: other online services are offered by our subsidiaries Deka Immobilien Investment GmbH at www.deka-immobilien.de and DekaBank (Luxemburg) S.A. at www.deka.lu. The launch of our Deka(Swiss) Privatbank AG website www.deka.ch is imminent.

Corporate division eServices

All Deka Investmentfonds' web-based marketing activities have been pooled into a new corporate eServices division since 1 October 2000. Alongside the development of our e-commerce activities, we are also responsible for both content and enhancement of the Group's online product range, and these include guaranteeing and developing technical infrastructure.



Organisation and IT

Organisational and IT projects remained of central importance even after the successful transition to 2000.

In the investment fund business, we made significant IT investments in eServices and custody/investment services.

The analysis of our in-house securities transaction processes has enabled us to achieve a strong positioning in the growing market for professional securities service providers.

In the trading sector, volume growth and the increasing sophistication of business require the closer integration of trading processes and systems in order to enhance efficiency and risk management. In loans, we carried out the successful organisational and technical switch to standardised transaction procedures.

We have also continued to standardise and professionalise core processes in Organisation and IT such as multi-project management and version management.

In the light of increasingly complex Group structures, Group organisation plays a key role. The expansion and consolidation of Group-wide standards, the co-ordination of over-arching projects, and a support and advisory service for departments during organisational change have been made necessary by Group growth.

Despite the difficult labour market situation, staff numbers showed a positive increase. With more than 100 new staff, our team almost doubled in 2000, a factor which will strengthen crucial areas of expertise such as internet technology and systems architecture and guarantee the retention of key skills for the Group. The successful expansion of our management team will assure greater security and flexibility in project management, above all in co-operation with external partners.

In the 2001 business year, we intend to continue our high level of investment in the infrastructure of DekaBank's custody system and in trading. The development and expansion of Organisation and IT will have levelled out by the end of the year.

substantial
IT investment

Staff

Staff development and SAP Human Resources projects were the key concerns of the HR guidance and development unit in 2000 as were our considerable staff requirements resulting in the large number of new employees.

Further strong growth

2,900 staff Group-wide

The Group employed 2,899 persons at the end of 2000, pushing up the total workforce, including temporary staff, by 24.5 per cent over the previous year. Staff numbers in Germany rose from 2,010 to 2,491, an increase of 23.9 per cent. The male/female ratio increased in favour of women employees, from 47.5 to 48.3 per cent, in all German-based Group companies. As in the previous year, the rise in staff numbers was due to continued strong growth in our investment fund business – above all in custody and investment – alongside the steady increase in IT needs. The huge rise in hirings has pushed the average length of service down from 5.3 to 4.6 years and the average age from 36.2 to 36.

Personnel expenses were up 35.6 per cent to €212.1 million compared with 1999, mainly due to the large number of new staff – 570 – and the wage and salary rises negotiated in 2000.

New offices

The increased need for staff in custody and investment services and the tight labour market in and around Frankfurt led to the decision to relocate certain services to Leipzig. Thanks to the area's high skills levels and the ready availability of staff, 126 staff were hired between August and the end of the year to process orders and deal with telephone enquiries.

Modern evaluation system and innovative recruitment

A key factor has been the introduction of our new evaluation and career talks as well as the implementation of a staff development concept for IT. We expanded the search for talent through assessment centres with the aim of showing our many young staff the career prospects available in management or technology.

In vocational training, we launched a programme together with the German Investment Fund Association (BVI) aimed at creating a new career path. In close co-operation with other investment fund companies, a dedicated investment-fund-specific training concept will be developed which will not only train young people for jobs in our company but also create new traineeship openings on the employment market.



In-house further training continues to be a major priority. Costs in this area amounted to 2.1 per cent of wages and salaries.

priority for training

We also expanded our graduate recruitment. Recruitment fairs, sponsorship of university chairs, recruitment open days and internships all contributed to the hiring of graduates either straight from university or as part of a training programme.

Services and benefits for staff

We have continued to improve staff service and efficiency through the use of existing and new SAP HR systems. Work processes and evaluations in the time economy, salary payments and staff cost planning modules were adjusted to Group requirements and expanded where necessary. In the fourth quarter of 2000, we introduced the SAP evaluation module Data Business Warehouse with the aim of providing senior management with all the necessary HR management data.

As in previous years, we continued to support those staff wishing to better co-ordinate work and family commitments, by setting up more teleworking jobs at our German locations. 59 employees are currently taking advantage of this scheme. We have also raised the number of part-time jobs by 15 per cent: by reporting day, 170 employees were on part time work. Staff on early childhood leave of absence have also been given the opportunity – in line with statutory regulations – to take up employment.

Chronically ill staff have been provided with support during their gradual re-integration into their respective jobs.

To ensure optimal job succession and as part of the Group's social obligations to long-serving staff, we have continued in Germany to offer a generous early retirement programme well in excess of the negotiated statutory scheme. 14 staff took advantage of the programme in 2000.

Our thanks

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

Report of the Supervisory Board for the 2000 Business Year

The Supervisory Board and its presidential 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 2000 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 2000 and the profit and loss account for 2000 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 2000 financial year amounting to €22,900,000 to operating capital.

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

Jürgen Ullrich, former member of the Board of Management of Hamburger Sparkasse, retired on 30 April 2000. The Annual General Meeting appointed Dr Friedhelm Steinberg, deputy chairman of the Board of Management of Hamburger Sparkasse, to the Supervisory Board. Heinrich Schmidhuber, former managing president of the Savings Banks Association of Bavaria as well as second deputy chairman, resigned from the Supervisory Board with effect from 30 September 2000. He was replaced by Dr Siegfried Naser, managing president of the Savings Banks Association of Bavaria. Heinrich Haasis, president of the newly merged (1 January 2001) Savings Banks Association of Baden-Württemberg, was appointed second deputy chairman of the Supervisory Board. With effect from 31 December 2000, Josef Schmidt, former president of the Savings Banks and Giro Association of Baden, Werner Schmidt, former chairman of the Board of Management of Landesbank Baden-Württemberg, and Prof Dr Udo Güde, former president of the Savings Banks and Giro Association of Hessen-Thüringen, resigned from the Supervisory Board.

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

On 1 January 2000, Hans-Jürgen Gutenberger joined the Board of Management of DGZ·DekaBank. On 15 May 2000, Friedhelm Schaperjahn, deputy chairman of the Board of Management of DGZ·DekaBank, retired. We would like to express our special thanks to Mr Schaperjahn for his commitment and the successful positioning of the merged institution. His successor as deputy chairman, Axel Weber, took up his appointment on 1 January 2000. With effect from 1 October 2000, Dr Bernhard Steinmetz, former deputy member of the Board of Management, was appointed a full member of the Board. Fritz Oelrich was appointed to the Board of Management of DGZ·DekaBank with effect from 1 January 2001.

Frankfurt am Main, April 2001

The Chairman of the Supervisory Board
Dr Hoppenstedt



Value	Change	%Change
3,006.62	38.97 ▲	1.31%
2,649.71	33.35 ▲	1.27%
807.90	2.93 ▲	0.36%
10,744.54	96.03 ▲	0.90%
1,367.40	13.28 ▲	0.98%
626.42	4.70 ▲	0.76%
		0.79%

Financial Statements and Group Financial Statements 2000

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Group Balance Sheet as at 31 December 2000

Assets				
			2000	1999
	€	€	€	€'000
1. Cash reserves				
a) cash in hand		2,821,588.23		3,807
b) balances with central banks		100,153,563.30		57,786
including:				
with Deutsche Bundesbank	€ 92,749,004.71			(56,998)
c) balances with post office banks		1,197,151.52	104,172,303.05	766
2. Due from banks				
a) payable on demand		2,626,073,698.60		204,749
b) other receivables		31,661,031,300.46	34,287,104,999.06	29,340,517
3. Due from customers			18,864,447,477.27	19,543,186
including:				
secured by mortgages	€ 750,105,132.01			(830,252)
public sector loans	€ 12,159,160,425.78			(13,112,750)
4. Bonds and other				
fixed-interest securities				
a) money market instruments				
aa) of public issuers		–		49,247
including:				
eligible as collateral with				
Deutsche Bundesbank	€–			(–)
ab) of other issuers	3,901,714,237.17	3,901,714,237.17		1,116,742
including:				
eligible as collateral with				
Deutsche Bundesbank	€ 1,706,035,029.17			(49,990)
b) bonds and notes				
ba) of public issuers	3,135,095,936.94			2,837,911
including:				
eligible as collateral with				
Deutsche Bundesbank	€ 2,931,601,344.40			(1,240,003)
bb) of other issuers	10,533,391,847.23	13,668,487,784.17		6,742,262
including:				
eligible as collateral with				
Deutsche Bundesbank	€ 7,716,747,337.33			(3,187,860)
c) own bonds		1,507,955,606.42	19,078,157,627.76	991,633
nominal amount	€ 1,476,851,751.63			(963,647)

Assets				
			2000	1999
	€	€	€	€'000
5. Shares and other non-fixed-interest securities			1,443,257,686.74	1,390,138
6. Equity investments			90,777,908.75	12,622
including:				
in banks	€2,924,650.71			(5,630)
in financial services institutions	€–			(51)
7. Shares in associated companies			22,496,842.77	–
8. Shares in affiliated companies			10,482,766.26	905
including:				
in banks	€–			(–)
in financial services institutions	€–			(–)
9. Trust assets			521,518.23	522
including:				
trust loans	€–			(–)
10. Equalisation claims against public authorities				
including bonds and notes issued in substitution thereof			2,112,471,432.80	1,857,807
11. Tangible assets			56,868,534.00	57,076
12. Other assets			262,071,719.02	363,912
13. Prepaid and accrued income			346,969,901.39	213,099
Total assets			76,679,800,717.10	64,784,687

Liabilities

			2000	1999
	€	€	€	€'000
1. Due to banks				
a) payable on demand		1,634,361,725.79		2,422,840
b) with agreed maturity or period of notice		32,890,318,042.46	34,524,679,768.25	29,231,080
2. Due to customers				
other liabilities				
a) payable on demand		5,186,296,300.45		2,912,875
b) with agreed maturity or period of notice		8,698,423,433.15	13,884,719,733.60	7,874,089
3. Securitised liabilities				
bonds and notes issued			24,938,901,566.93	19,729,041
4. Trust liabilities			521,518.23	522
including:				
trust loans	€-			(-)
5. Other liabilities			351,807,113.12	257,404
6. Accruals and deferred income			78,348,597.51	38,959
7. Provisions				
a) for pensions and similar obligations		124,316,183.85		108,684
b) for taxes		145,175,344.55		108,157
c) other provisions		410,783,149.98	680,274,678.37	298,239
8. Special item with partial reserve character			82,058,423.54	100,779
9. Subordinated liabilities			439,542,780.28	162,114
10. Profit participation capital			327,329,062.34	327,329
including:				
due in less than two years	€ 76,693,782.18			(-)
11. Fund for general banking risks			85,707,517.47	45,952

Liabilities				
			2000	1999
	€	€	€	€'000
12. Equity capital				
a) subscribed capital				
aa) capital	286,323,453.46			286,323
ab) silent capital contributions	300,178,790.92	586,502,244.38		299,113
b) capital reserves		190,290,557.02		190,340
c) reserves from retained earnings				
ca) legal reserves	4,021,505.45			3,162
cb) reserves required by the Bank's statutes	51,283,598.27			51,284
cc) reserves from other earnings	303,260,347.69	358,565,451.41		259,546
d) equalising items for minority interests		213,228.44		138
e) net income		150,338,476.21	1,285,909,957.46	76,717
Total liabilities			76,679,800,717.10	64,784,687
1. Contingent liabilities				
liabilities from guarantees and indemnity agreements			1,001,763,139.81	1,118,212
2. Other commitments				
irrevocable lending commitments			2,536,389,022.01	2,729,920

Group Profit and Loss Account from 1 January to 31 December 2000

Expenses and income				
			2000	1999
	€	€	€	€'000
1. Interest income from				
a) lending and money market operations	2,846,671,751.48			2,532,090
b) fixed-interest securities and government-inscribed debt	879,833,065.22	3,726,504,816.70		652,477
2. Interest paid		3,490,140,740.46	236,364,076.24	2,872,833
3. Current income from				
a) shares and other non-fixed-interest securities		15,248,281.40		12,072
b) equity investments		1,763,223.93		1,855
c) shares in affiliated companies		–	17,011,505.33	–
4. Interest from profit pooling, profit transfer or partial profit transfer agreements			168,087.20	7
5. Commission income		2,388,809,011.38		1,394,343
6. Commission paid		1,670,055,540.91	718,753,470.47	932,190
7. Net income from trading operations (in previous year net expenses)			37,677,167.19	71,371
8. Other operating income			59,060,405.12	30,956
9. Income from dissolution of special item with partial reserve character			33,455,098.45	18,978
10. General administrative expenses				
a) personnel expenses				
aa) wages and salaries	171,065,801.01			122,266
ab) social security contributions and expenses for pensions and other employee benefits	41,635,338.12	212,701,139.13		36,289
including:				
for pensions	€ 21,697,866.48			(20,463)
b) other administrative expenses		358,529,540.33	571,230,679.46	257,186
11. Write-downs and value adjustments on intangible and tangible fixed assets			36,873,434.62	43,704

Expenses and income				
			2000	1999
	€	€	€	€'000
12. Other operating expenses			11,475,689.55	21,081
13. Write-downs and value adjustments on loans and certain securities as well as allocations to loan loss provisions			54,539,688.19	–
14. Income from revaluation of loans and certain securities as well as from the dissolution of loan loss provisions			–	41,855
15. Allocations to fund for general banking risks			39,755,679.03	4,026
16. Income from revaluation of equity investments, shares in affiliated companies and securities treated as fixed assets			1,825,006.23	22,412
17. Allocations to special item with partial reserve character			14,734,717.40	100,779
18. Profit or loss on ordinary activities			375,704,927.98	245,320
19. Extraordinary expenses		6,135,502.57		–
20. Extraordinary result			-6,135,502.57	–
21. Taxes on income and revenues			154,577,852.84	106,472
22. Income transferred under profit pooling, profit transfer or partial profit transfer agreements			64,621,896.36	62,131
23. Net income for the year			150,369,676.21	76,717
24. Shares of shareholders outside the Group			31,200.00	1
25. Group profit			150,338,476.21	76,716

Balance Sheet as at 31 December 2000

Assets				
			2000	1999
	€	€	€	€'000
1. Cash reserves				
a) cash in hand		743.29		4
b) balances with central banks		92,749,004.71		56,962
including:				
with Deutsche Bundesbank	€ 92,749,004.71			(11,267)
c) balances with post office banks		100.97	92,749,848.97	–
2. Due from banks				
a) payable on demand		2,413,054,164.07		360,396
b) other receivables		29,965,922,198.05	32,378,976,362.12	27,665,931
3. Due from customers			16,390,941,979.61	17,525,790
including:				
secured by mortgages	€ 750,105,132.01			(830,252)
public sector loans	€ 10,700,896,922.70			(11,890,758)
4. Bonds and other				
fixed-interest securities				
a) money market instruments				
aa) of public sector issuers	–			49,247
including:				
eligible as collateral with				
Deutsche Bundesbank	€–			(–)
ab) of other issuers	3,868,640,833.67	3,868,640,833.67		1,116,742
including:				
eligible as collateral with				
Deutsche Bundesbank	€ 1,706,035,029.17			(49,990)
b) bonds and notes				
ba) of public sector issuers	2,878,997,900.61			2,540,345
including:				
eligible as collateral with				
Deutsche Bundesbank	€ 2,683,805,429.94			(953,585)
bb) of other issuers	9,868,794,171.28	12,747,792,071.89		6,039,415
including:				
eligible as collateral with				
Deutsche Bundesbank	€ 7,130,159,285.71			(2,622,357)
c) own bonds		1,507,955,606.42	18,124,388,511.98	991,633
nominal amount	€ 1,476,851,751.63			(963,647)

Assets				
			2000	1999
	€	€	€	€'000
5. Shares and other non-fixed-interest securities			1,038,514,162.82	1,079,195
6. Equity investments			113,274,751.52	12,622
including:				
in banks	€ 25,421,493.48			(5,630)
in financial services institutions	€ –			(51)
7. Shares in affiliated companies			225,702,998.68	213,329
including:				
in banks	€ 177,616,265.06			(194,286)
in financial services institutions	€ –			(–)
8. Trust assets			511,292.39	511
including:				
trust loans	€ –			(–)
9. Equalisation claims against public authorities				
including bonds and notes issued in substitution thereof			2,112,471,432.80	1,857,807
10. Tangible assets			39,430,004.48	28,025
11. Other assets			146,899,086.61	263,408
12. Prepaid and accrued income			341,544,711.36	210,920
Total assets			71,005,405,143.34	60,012,283

Liabilities

			2000	1999
	€	€	€	€'000
1. Due to banks				
a) payable on demand		1,624,279,536.72		2,626,883
b) with agreed maturity or period of notice		30,567,156,659.59	32,191,436,196.31	26,092,352
2. Due to customers				
other liabilities				
a) payable on demand		2,724,228,237.73		1,900,060
b) with agreed maturity or period of notice		8,484,384,692.03	11,208,612,929.76	7,536,640
3. Securitised liabilities				
bonds and notes issued			24,938,901,566.93	19,729,041
4. Trust liabilities			511,292.39	511
including:				
trust loans	€-			(-)
5. Other liabilities			327,421,148.89	246,077
6. Accruals and deferred income			70,330,054.37	33,814
7. Provisions				
a) for pensions and similar obligations		104,642,447.98		92,488
b) for taxes		57,883,419.79		42,001
c) other provisions		330,522,734.43	493,048,602.20	232,504
8. Special item with partial reserve character			82,058,423.54	100,779
9. Subordinated liabilities			439,542,780.28	162,114
10. Profit participation capital			327,329,062.34	327,329
including:				
due in less than two years	€ 76,693,782.18			(-)
11. Fund for general banking risks			30,000,000.00	-

Liabilities				
			2000	1999
	€	€	€	€'000
12. Equity capital				
a) subscribed capital				
aa) capital	286,323,453.46			286,323
ab) silent capital contributions	300,178,790.92	586,502,244.38		299,113
b) capital reserves		189,366,198.03		189,366
c) reserves from retained earnings				
ca) reserves required by the Bank's statutes	51,283,598.27			51,284
cb) reserves from other earnings	43,561,045.65	94,844,643.92		40,289
d) net income		25,500,000.00	896,213,086.33	23,315
Total liabilities			71,005,405,143.34	60,012,283
1. Contingent liabilities				
liabilities from guarantees and indemnity agreements			982,559,258.72	1,091,516
2. Other commitments				
irrevocable lending commitments			2,266,028,923.82	2,449,143

Profit and Loss Account

from 1 January 2000 to 31 December 2000

Expenses and income				
			2000	1999
	€	€	€	€'000
1. Interest income from				
a) lending and money market operations	2,557,345,434.62			2,305,450
b) fixed-interest securities and government-inscribed debt	823,807,252.74	3,381,152,687.36		603,380
2. Interest paid		3,208,799,261.11	172,353,426.25	2,646,982
3. Current income from				
a) shares and other non-fixed-interest securities		9,316,526.88		8,877
b) equity investments		1,763,223.93		1,855
c) shares in affiliated companies		15,361,225.87	26,440,976.68	15,288
4. Income from profit pooling, profit transfer or partial profit transfer agreements			194,816,509.56	122,781
5. Commission income		696,840,605.90		408,782
6. Commission paid		603,112,285.13	93,728,320.77	350,741
7. Net income from trading operations (in previous year net expenses)			29,067,824.24	72,189
8. Other operating income			184,113,660.07	113,045
9. Income from dissolution of special item with partial reserve character			33,455,098.45	18,978
10. General administrative expenses				
a) personnel expenses				
aa) wages and salaries	108,091,291.89			67,452
ab) social security contributions and expenses for pensions and other employee benefits	29,823,797.16	137,915,089.05		19,414
including:				
for pensions	€ 16,537,586.90			(10,692)
b) other administrative expenses		303,527,519.78	441,442,608.83	211,546
11. Write-downs and value adjustments on intangible and tangible fixed assets			28,037,746.86	38,660

Expenses and income				
			2000	1999
	€	€	€	€'000
12. Other operating expenses			4,038,541.56	17,867
13. Write-downs and value adjustments on loans and certain securities as well as allocations to loan loss provisions			39,404,080.37	–
14. Income from revaluation of loans and certain securities as well as from the dissolution of loan loss provisions			–	60,076
15. Allocations to fund for general banking risks			30,000,000.00	–
16. Income from revaluation of equity investments, shares in affiliated companies and securities treated as fixed assets			1,826,698.44	22,412
17. Allocations to special item with partial reserve character			14,734,717.40	100,779
18. Profit or loss on ordinary activities			178,144,819.44	155,292
19. Extraordinary expenses		6,135,502.57		–
20. Extraordinary result			-6,135,502.57	–
21. Taxes on income and revenues			81,887,420.51	69,848
22. Income transferred under profit pooling, profit transfer or partial profit transfer agreements			64,621,896.36	62,131
23. Net income for the year			25,500,000.00	23,315

Notes to the Group Financial Statements and Financial Statements 2000 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 2000 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.

The financial statements and Group financial statements for the 2000 business year have been prepared in euros for the first time. The previous year's figures were converted from D-Marks to euros according to the conversion rates of 31 December 1998.

The classification method for the profit and loss account has been switched from the account form to the report form.

In the statements according to Section 3 sentence 1 no. 2 and 4 of the RechKredV (claims on and liabilities to companies in which an interest is held), the number of companies in which an interest is held has increased. The previous year's figures have been adjusted accordingly.

(2) Consolidated companies and consolidation principles

In addition to DGZ·DekaBank as parent company, a total of seven domestic and eight foreign affiliated companies have been included in the Group accounts.

DekaFondsSupport GmbH, Frankfurt am Main, has been consolidated for the first time. Ten 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. 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.

WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf, has been included in the Group accounts for the first time as an associated company, according to the equity method in accordance with Section 311 HGB.

The equity valuation of the associated company 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 2000). The item *equity investments* includes a consolidation balance arising from the first year of consolidation in the amount of €19.5 million 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

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

Equity investments			
Name and location	Share of capital	Equity capital ¹⁾	Result ²⁾
	%	€'000	€'000
Subsidiaries			
Deka Deutsche Kapitalanlagegesellschaft mbH, Frankfurt am Main	100.00	10,225.8	0 ³⁾
Despa Deutsche Sparkassen-Immobilien-Anlage-Gesellschaft mbH, Frankfurt am Main	98.80	10,225.8	0 ³⁾
Deka Investment Management GmbH, Frankfurt am Main	100.00	10,225.8	0 ³⁾
Grundstücksverwaltungsgesellschaft Mainzer Landstraße/ Marienstraße (GbR), Frankfurt am Main	99.00	19,645.3	1,022.6
DGZ Beteiligungsgesellschaft mbH, Frankfurt am Main	100.00	248.5	3.4
Deka Grundstücksgesellschaft mbH, Frankfurt am Main	100.00	25.6	0 ⁴⁾
Deutsche Girozentrale International S.A., Luxembourg	100.00	175,287.8	15,000.0
Deka International S.A., Luxembourg	100.00	199,817.7	48,460.0
DekaBank (Luxembourg) S.A., Luxembourg	100.00	53,080.0	26,770.0
Deka(Swiss) Privatbank AG, Zurich	80.00	39,254.9	12,473.7
Deutsche Girozentrale Overseas Limited, Grand Cayman	99.90	8,429.9	524.4
Deka International (Ireland) Ltd., Dublin	100.00	31,365.8	18,914.6
Deutsche Girozentrale Holding S.A., Luxembourg	100.00	4,123.0	79.6
Interspar Verwaltungsgesellschaft S.A., Luxembourg	98.00	4,525.9	1,560.0
Deka FondsSupport GmbH, Frankfurt am Main	99.94	2,164.1	1,627.8

Equity investments			
Name and location	Share of capital	Equity capital ¹⁾	Result ²⁾
	%	€'000	€'000
Associated companies			
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf	40.00	7,449.2	2,336.3
Non-consolidated companies			
Deutsche Landesbankenzentrale AG, Berlin	100.00		
MWW Dritte Vermögensverwaltungs AG, Frankfurt am Main	100.00		
Sparkassen-Vermögensbeteiligungs GmbH, Berlin	100.00		
DGZ-DekaBank Altershilfe GmbH, Frankfurt am Main	100.00		
Geschäftshaus am Gendarmenmarkt GmbH, Berlin	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		
DBB Management GmbH, Frankfurt am Main	100.00		
SOB Beteiligungs GmbH & Co. KG, Frankfurt am Main	100.00		

¹⁾ Definition of equity capital in accordance with Section 266 para. 3A. 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⁾ The profit transfer agreement was cancelled with effect from 31 December 2000

(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 340f 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 340h 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 Deutsche Kommunalbank 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:

- 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 €4 million (previous year: €9m). 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 €20 million (previous year: €20 m) 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: €3m).

Notes to the accounts

(7) Due from banks

	DGZ-DekaBank		Group	
	2000	1999	2000	1999
	€m	€m	€m	€m
This item includes:				
Loans to				
- affiliated companies	511	563	–	–
- companies in which				
an interest is held	4,869	4,897	5,091	4,897
Subordinated loans	5	5	5	20
Sub-item b. – other receivables –				
breaks down as follows by residual term to maturity:				
- less than three months	6,830	6,504	7,967	7,517
- more than three months to one year	3,207	3,672	3,765	4,170
- more than one year to five years	10,963	9,185	10,930	9,293
- more than five years	8,966	8,305	9,000	8,360
	29,966	27,666	31,661	29,340
Used for cover	20,291	18,057	20,291	18,057

(8) Due from customers

This item includes:				
Loans to				
- affiliated companies	25	–	–	–
- companies in which				
an interest is held	18	76	18	76
Subordinated loans	–	–	–	5
This item breaks down as follows by				
residual term to maturity:				
- with indefinite term to maturity	249	185	257	185
- less than three months	2,270	1,786	3,485	2,475
- more than three months to one year	973	2,738	1,085	2,960
- more than one year to five years	6,898	5,646	7,394	6,157
- more than five years	6,001	7,170	6,643	7,767
	16,391	17,526	18,864	19,543
Used for cover	10,385	11,969	10,386	11,969

(9) Bonds and other fixed-interest securities

	DGZ·DekaBank		Group	
	2000	1999	2000	1999
	€m	€m	€m	€m
This item includes:				
Loans to				
- affiliated companies	–	–	–	–
- companies in which				
an interest is held	5,637	1,450	5,905	1,450
Of the marketable securities included				
in this item, the following are:				
- listed on the stock exchange	13,941	9,982	14,858	10,983
- not listed on the stock exchange	4,184	755	4,220	755
Due within one year	7,799	2,725	7,935	3,034
Used for cover	5,198	–	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	8	2	9
- not listed on the stock exchange	80	132	192	280
Subordinated loans	28	29	28	64

(11) Equity investments

Of the marketable securities included				
in this item, the following are:				
- listed on the stock exchange	–	–	–	4
- not listed on the stock exchange	1	3	1	3

(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 shown relate to non-bank customers.

(14) Equalisation claims against 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 2000 business year were as follows:

DGZ·DekaBank Group							
	Cost of acquisition/ production	Additions	Retirements	Depreciation		Book value	
				accumulated	2000	31.12.2000	31.12.1999
Assets in €'000							
Equity investments	13,951	103,923	3,270	1,329	–	113,275	12,622
Shares in affiliated companies	388	10,094	–	–	–	10,483	905
Securities attributable to fixed assets	128,693	26,178	3,968	393	2	150,510	127,874
Fixed assets							
- Land and building including buildings							
on land not owned by us	53,976	–	25,648	13,909	354	14,419	37,135
including:							
Premises used for our own							
business activities						(14,419)	(23,519)
- Office equipment	81,960	51,369	4,806	86,072	28,619	42,450	19,940
Total fixed assets	135,936	51,369	30,454	99,981	28,973	56,869	57,075
Total tangible assets	278,968	191,564	37,692	101,703	28,975	331,137	198,477

The tangible assets of DGZ·DekaBank in the 2000 business year were as follows:

DGZ·DekaBank							
	Cost of acquisition/ production	Additions	Retirements	Depreciation		Book value	
				accumulated	2000	31.12.2000	31.12.1999
Assets in €'000							
Equity investments	13,951	103,922	3,270	1,329	–	113,274	12,622
Shares in affiliated companies	213,329	12,374	–	–	–	225,703	213,328
Fixed assets							
- Land and buildings including buildings							
on land not owned by us	18,612	–	12,313	2,679	107	3,620	12,660
including:							
Premises used for our own							
business activities						(3,620)	(12,660)
- Office equipment	55,526	40,865	3,052	57,529	20,097	35,810	15,365
Total fixed assets	74,138	40,865	15,365	60,208	20,204	39,430	28,025
Total tangible assets	301,418	157,161	18,635	61,537	20,204	378,407	253,975

(16) Other assets

	DGZ·DekaBank		Group	
	2000	1999	2000	1999
	€m	€m	€m	€m
This item includes:				
- Claims relating to special assets (administrative expenses)	–	–	76	56
- Tax refund claims	45	72	57	89
- Leasing assets	36	44	36	44
- Claims from advance corporation tax, capital gains tax and solidarity supplement payments	17	19	17	19
- Rescue acquisitions	16	4	16	4
- Securities and interest due from due securities	14	–	14	–

(17) Deferred items

This item includes:				
premiums and discounts from underwriting and loans business	334	203	335	204

(18) Additional information relating to assets

Assets in foreign currency	5,530	3,670	6,736	5,874
Book value of pledged assets	3,713	2,102	3,713	2,102

(19) Due to banks

This item includes:				
Liabilities to				
- affiliated companies	604	482	–	–
- companies in which an interest is held	6,436	5,653	6,926	5,653
Sub-item b. – with agreed maturity or period of notice – breaks down as follows by residual term to maturity:				
- less than three months	17,260	11,085	18,238	12,689
- more than three months to one year	4,484	5,301	5,410	6,442
- more than one year to five years	5,461	5,295	5,880	5,689
- more than five years	3,362	4,411	3,362	4,411
	30,567	26,092	32,890	29,231

As at 31 December 2000, DGZ·DekaBank had no overnight loans with the Deutsche Bundesbank (previous year: €2,248m).

(20) Due to customers

	DGZ·DekaBank		Group	
	2000	1999	2000	1999
	€m	€m	€m	€m
This item includes:				
Liabilities to				
- affiliated companies	84	44	–	1
- companies in which				
an interest is held	60	1	60	1
Sub-item b. – with agreed maturity or period				
of notice – breaks down as follows by residual				
term to maturity:				
- less than three months	1,063	631	1,236	893
- more than three months to one year	309	251	349	327
- more than one year to five years	2,325	2,236	2,325	2,236
- more than five years	4,788	4,418	4,788	4,418
	8,484	7,536	8,698	7,874

(21) Securitised liabilities

This item includes:				
Liabilities to				
- affiliated companies	17	22	17	22
- companies in which				
an interest is held	3,245	– ¹⁾	3,245	– ¹⁾
From sub-item a. – bonds issued –				
mature within one year	5,662	3,415	5,662	3,415

¹⁾ not comparable with previous year's figure

(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	89	77	91	77
- Foreign exchange equalisation items	85	–	85	–
- Liabilities from delivery and performance	31	29	31	29

(24) Accruals and deferred income

	DGZ-DekaBank		Group	
	2000	1999	2000	1999
	€m	€m	€m	€m
This item contains:				
- Premiums and discounts from				
issuing and lending business	57	24	60	26
- Liabilities from leasing business	7	8	7	8

(25) Special item with partial reserve character

In the financial year 2000, DGZ-DekaBank has set up a special item with partial reserve character in accordance with Section 6b para. 1 of the Income Tax Act (EstG).

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 2000 at a profit.

(26) Subordinated liabilities

	DGZ-DekaBank		Group	
	2000	1999	2000	1999
	€m	€m	€m	€m
Expenses for subordinated				
liabilities	20	11	20	11
Pro-rata interest for				
subordinated liabilities	11	9	11	9

The borrowings break down

as follows:	Currency	Amount	Interest rate	Maturity
Note	DM	38	6.75%	10.02.2003
Note ¹⁾	€	100	Euribor 6m	09.06.2010
Note ¹⁾	€	90	Euribor 6m	09.06.2010
Borrower's note loan	DM	115	6.80 – 6.95%	08.03.2006
Borrower's note loan ¹⁾	€	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	
	2000	1999	2000	1999
	€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 in the amount of €25 million were allocated to the liable equity capital.

(28) Additional information relating to liabilities

Foreign currency liabilities	6,591	4,554	7,762	6,232
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(29) Cover for mortgage and municipal loan business**Bonds requiring cover**

- Bearer instruments	22,879	18,834	22,879	18,834
- Registered instruments	10,165	9,374	10,165	9,374
- Registered Pfandbriefe	10	12	10	12
Total	33,054	28,220	33,054	28,220

Assets earmarked as cover

- Public-sector loans				
- to public-sector banks	24,560	18,057	24,560	18,057
- to customers	10,978	11,624	10,978	11,624
- Mortgage loans to customers	337	345	337	345
Total	35,875	30,026	35,875	30,026
Surplus cover	2,821	1,806	2,821	1,806

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
- Other operating income

was as follows:

	DGZ-DekaBank		Group	
	2000	1999	2000	1999
	%	%	%	%
Domestic income	91	85	82	88
Foreign income	9	15	18	12

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

Of the amount stated, €8 million (previous year: €10m) relates to leasing business.

(32) Other operating income

Other operating income of DGZ-DekaBank Group consists mainly of €15 million from the sale of fixed assets, €12 million from the release of provisions and €9 million from leasing business.

Other operating income of DGZ-DekaBank consists mainly of €144 million from charges, €15 million from the sale of fixed assets, €9 million from leasing business and €8 million from the release of provisions.

(33) Other operating expenses

Other operating expenses of DGZ-DekaBank Group consist of other taxes amounting to €4 million. Other operating expenses of DGZ-DekaBank consist of other taxes amounting to €1 million.

(34) Extraordinary result

The extraordinary result states exclusively the contribution to the Foundation "Remembrance, Responsibility and the Future" for forced labourers under the Nazi regime.

Off-balance sheet transactions

(35) 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.

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

Group: derivative transactions – volumes				
	Nominal values		Credit risk equivalents	Replacement costs
	31.12.2000	31.12.1999	31.12.2000	31.12.2000
	€m	€m	€m	€m
Interest-rate risks				
Interest-rate swaps	26,950.7	21,193.5	108.6	385.5
Forward rate agreements	2,500.0	1,298.6	1.0	4.1
Interest-rate options				
- Purchases	465.2	219.0	3.8	0.7
- Sales	171.0	107.8	–	–
Caps, Floors	127.8	168.7	0.1	0.0
Stock market contracts	452.4	83.4	–	–
Other interest-rate forward transactions	914.6	1,317.3	4.9	1.4
Total interest-rate risks	31,581.7	24,388.3	118.4	391.7
Currency risks				
Forward exchange transactions	7,978.5	7,436.4	56.4	143.9
Currency swaps, interest-rate currency swaps	247.4	45.9	4.6	4.8
Currency options				
- Purchases	118.3	0.0	0.7	2.4
- Sales	125.9	11.5	–	–
Total currency risks	8,470.1	7,493.8	61.7	151.1
Share and other price risks				
Share forward transactions	396.4	0.0	10.8	2.9
Share options				
- Purchases	3.2	54.1	0.1	0.4
- Sales	130.7	103.6	–	–
Other forward transactions	54.5	525.8	0.7	0.4
Total share and other price risks	584.8	683.5	11.6	3.7
Total	40,636.6	32,565.6	191.7	546.5

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

	Interest-rate risks		Currency risks		Share and other price risks	
	31.12.2000	31.12.1999	31.12.2000	31.12.1999	31.12.2000	31.12.1999
	€m	€m	€m	€m	€m	€m
Residual terms to maturity						
- less than three months	8,012.7	5,230.3	5,549.5	5,213.4	520.8	606.3
- more than three months to one year	4,092.8	5,095.7	2,633.4	2,089.8	64.0	77.1
- more than one year to five years	10,880.4	7,724.1	55.6	157.5	0.0	0.0
- more than five years	8,595.8	6,338.2	231.6	33.1	0.0	0.0
Total	31,581.7	24,388.3	8,470.1	7,493.8	584.8	683.4

Group: derivative transactions – classification by counterparties

	Nominal values		Credit risk equivalents	Replacement costs
	31.12.2000	31.12.1999	31.12.2000	31.12.2000
	€m	€m	€m	€m
OECD banks	36,174.0	30,065.5	154.5	492.2
OECD public-sector entities	452.3	135.5	0.0	0.0
Other counterparties	4,010.3	2,364.6	37.2	54.3
Total	40,636.6	32,565.6	191.7	546.5

Group: derivative transactions – trading operations

	Nominal values		Credit risk equivalents	Replacement costs
	31.12.2000	31.12.1999	31.12.2000	31.12.2000
	€m	€m	€m	€m
Interest-rate contracts	12,219.9	9,523.9	28.7	98.3
Currency contracts	123.7	1,374.3	0.7	2.4
Share contracts	6.3	0.0	0.1	0.4
Total	12,349.9	10,898.2	29.5	101.1

(37) Off-balance sheet transactions DGZ-DekaBank

DGZ-DekaBank: derivative transactions – volumes				
	Nominal value		Credit risk equivalents	Replacement costs
	31.12.2000	31.12.1999	31.12.2000	31.12.2000
	€m	€m	€m	€m
Interest-rate risks				
Interest-rate swaps	26,232.9	21,230.6	106.7	378.3
Forward rate agreements	2,500.0	1,310.0	1.0	4.1
Interest-rate options				
- Purchases	577.2	219.0	4.2	0.8
- Sales	171.1	107.8	–	–
Caps, Floors	127.8	168.7	0.1	0.0
Stock market contracts	452.4	83.4	–	–
Other interest-rate transactions	988.1	1,317.3	6.0	1.5
Total interest-rate risks	31,049.5	24,436.8	118.0	384.7
Currency risks				
Forward exchange transactions	6,779.3	4,777.2	46.7	112.9
Currency swaps, interest-rate currency swaps	247.4	45.9	4.6	4.8
Currency options				
- Purchases	118.3	0.0	0.7	2.4
- Sales	125.9	11.5	–	–
Total currency risks	7,270.9	4,834.6	52.0	120.1
Share and other price risks				
Share forward transactions	471.8	0.0	11.9	3.9
Share options				
- Purchases	53.3	54.1	1.9	6.5
- Sales	130.7	103.6	–	–
Other forward transactions	54.5	525.7	0.7	0.4
Total share and other price risks	710.3	683.4	14.5	10.8
Total	39,030.7	29,954.8	184.5	515.6

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

	Interest-rate risks		Currency risks		Share and other price risks	
	31.12.2000	31.12.1999	31.12.2000	31.12.1999	31.12.2000	31.12.1999
	€m	€m	€m	€m	€m	€m
Residual terms to maturity						
- less than three months	7,870.3	5,254.8	5,549.5	3,270.5	641.7	606.3
- more than three months to one year	3,750.2	4,996.6	1,464.0	1,373.5	68.6	77.1
- more than one year to five years	10,751.8	7,922.6	25.8	157.5	0.0	0.0
- more than five years	8,677.2	6,262.8	231.6	33.1	0.0	0.0
Total	31,049.5	24,436.8	7,270.9	4,834.6	710.3	683.4

DGZ-DekaBank: derivative transactions – classification by counterparties

	Nominal values		Credit risk equivalents	Replacement costs
	31.12.2000	31.12.1999	31.12.2000	31.12.2000
	€m	€m	€m	€m
OECD banks	34,668.4	27,520.6	148.5	462.0
OECD public-sector entities	452.4	135.5	0.0	0.0
Other counterparties	3,909.9	2,298.7	36.0	53.6
Total	39,030.7	29,954.8	184.5	515.6

DGZ-DekaBank: derivative transactions – trading operations

	Nominal values		Credit risk equivalents	Replacement costs
	31.12.2000	31.12.1999	31.12.2000	31.12.2000
	€m	€m	€m	€m
Interest-rate contracts	12,219.9	9,523.9	28.7	98.3
Currency contracts	123.7	208.4	0.7	2.4
Share contracts	6.2	0.0	0.1	0.4
Total	12,349.8	9,732.3	29.5	101.1

Other information

(38) Average number of staff

Number	DGZ·DekaBank		Group	
	2000	1999	2000	1999
Full-time	1,509	956	2,429	1,928
Part-time/temporary	128	68	187	148
	1,637	1,024	2,616	2,076

(39) Remuneration of Board Members

	DGZ·DekaBank		Group	
	2000	1999	2000	1999
	€	€	€	€
Remuneration of current board members				
Board of Management	2,938,814.52	3,101,624.37	3,112,919.94	3,326,722.38
Supervisory Board	560,859.07	542,946.82	567,948.98	548,468.77
Remuneration paid to former board members and surviving dependants				
Board of Management	604,921.60	572,562.34	620,899.47	572,562.34
Provisions for pension liabilities for these persons	7,990,675.57	10,408,652.59	7,990,675.57	10,408,652.59

(40) Loans to executive bodies

	Board of Management		Supervisory Board	
	2000	1999	2000	1999
	€	€	€	€
Advances and loans	405,439.42	410,858.52	6,134,889.53	5,492,803.20
Contingent liabilities	0.00	0.00	0.00	0.00

Membership of Supervisory Boards

(41) Membership of Supervisory Boards (as of March 2001)

Manfred Zaß

Chairman of the Supervisory Board
Deka Deutsche Kapitalanlage-
gesellschaft mbH
Frankfurt am Main

Chairman of the Supervisory Board
MWW Dritte Vermögensverwaltungs AG
Frankfurt am Main

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

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

Deputy Chairman of the
Supervisory Board
Deutsche Börse AG
Frankfurt am Main

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

Deputy Chairman 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
Swissca Holding AG, Switzerland

Axel Weber (from 01.01.2001)

Chairman of the Supervisory Board
DekaBank (Luxemburg) S.A.
Luxembourg

Chairman of the Supervisory Board
Deka International S.A.
Luxembourg

Deputy Chairman of the
Supervisory Board
Despa Deutsche Sparkassen-
Immobilien-Anlage-Gesellschaft mbH
Frankfurt am Main

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

Fritz Oelrich (from 01.01.2001)

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

Dr Dieter Goose

Chairman of the Supervisory Board
Despa Deutsche Sparkassen-
Immobilien-Anlage-Gesellschaft mbH
Frankfurt am Main

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

Deputy Chairman of the
Supervisory Board
Deutsche Landesbankenzentrale AG
Berlin

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

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 Gutenberg

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

Chairman of the Supervisory Board
Interspar Verwaltungsgesellschaft S. A.
Luxembourg

Deputy Chairman of the
Supervisory Board
Deka Deutsche Kapitalanlage-
gesellschaft mbH
Frankfurt am Main

Member of the Supervisory Board
MWW Dritte Vermögensverwaltungs AG
Frankfurt am Main

Member of the Supervisory Board
WestInvest Gesellschaft für
Investmentfonds mbH
Düsseldorf

Member of the Supervisory Board
Deka(Swiss) Privatbank AG
Switzerland

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

Hans-Joachim Reichert

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

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
Deka Investment Management GmbH
Frankfurt am Main

Member of the Supervisory Board
Deka Deutsche Kapitalanlage-
gesellschaft mbH
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.
Ireland

Deputy Chairman of the
Supervisory Board
MWW Dritte Vermögensverwaltungs AG
Frankfurt am Main

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

Member of the Supervisory Board
TEZ Test- und
Entwicklungszentrum GmbH
Gießen

Member of the Supervisory Board
HSW Havelländische Stadtwerke GmbH
Werder/Havel

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

Corporate Bodies of DGZ·DekaBank

(42) Corporate Bodies of DGZ·DekaBank (as of March 2001)

Board of Management

Manfred Zaß

Chairman

Axel Weber (from 01.01.2001)

Deputy Chairman

Friedhelm Schaperjahn

(to 15.05.2000)

Deputy Chairman

Dr Dieter Goose

Member

Hans-Jürgen Gutenberg

Member

Fritz Oelrich (from 01.01.2001)

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

First Deputy Chairman

Chairman of the Board of Manage-
ment of WestLB Westdeutsche
Landesbank Girozentrale

Heinrich Haasis

Second Deputy Chairman

President of the Savings Banks
Association of Baden-Württemberg

Heinrich Schmidhuber (to 30.09.2000)

Second Deputy Chairman

Managing President of the Savings
Banks Association of Bavaria

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

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 (from 01.01.2001) Managing President of the Savings Banks and Giro Association of Hessen-Thüringen	Dr Max Häring (from 01.02.2001) Chairman of the Board of Management of Landesbank Saar Girozentrale	Dr Hans Lukas (from 01.01.2001) Chairman of the Board of Management of Sparkasse Stormarn
Ulf-Wilhelm Decken (to 08.03.2001) Chairman of the Board of Management of LandesBank Berlin – Girozentrale –	Dr Peter Haßkamp Chairman of the Board of Management of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –	Dr Siegfried Naser (from 01.10.2000) Managing President of the Savings Banks Association of Bavaria
Hermann Gelsen Employee representative DGZ·DekaBank Deutsche Kommunalbank	Peter Krakow Chairman of the Board of Management of Kreis- und Stadtsparkasse Leipzig	Dr Harald Quensen Chairman of the Board of Management of Stadtsparkasse Hannover
Dr Rolf Gerlach President of the Savings Banks and Giro Association of Westfalen-Lippe	Alfred H. Lehner Chairman of the Board of Management of Bayerische Landesbank Girozentrale	Siegfried Ratz Employee representative DGZ·DekaBank Deutsche Kommunalbank
Prof Dr Udo Güde (to 31.12.2000) Managing President of the Savings Banks and Giro Association of Hessen-Thüringen	Ernst Lenz (to 31.01.2001) Chairman of the Board of Management of Landesbank Saar Girozentrale	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	Gustav Adolf Schröder Chairman of the Board of Management of Stadtsparkasse Köln	Heribert Thallmair President of the German Cities' and Towns' Association
Walter Schäfer Chairman of the Board of Management of Landesbank Hessen-Thüringen Girozentrale	Dr Friedhelm Steinberg (from 12.05.2000) Deputy Chairman of the Board of Management of Hamburger Sparkasse	Karl-Heinz Trautmann President of the Savings Banks and Giro Association Saar
Josef Schmidt (to 31.12.2000) President of the Savings Banks and Giro Association of Baden	Hans Otto Streuber President of the Savings Banks and Giro Association of Rheinland-Pfalz	Jürgen Ullrich (to 30.04.2000) Member of the Board of Management of Hamburger Sparkasse
Werner Schmidt (to 31.12.2000) Chairman of the Board of Management of Landesbank Baden-Württemberg	Alexander Stuhlmann Chairman of the Board of Management of Hamburgische Landesbank – Girozentrale –	Dr Michael Weiss Chairman of the Board of Management of Sachsen LB Landesbank Sachsen Girozentrale

Frankfurt am Main, March 2001

DGZ-DekaBank
Deutsche Kommunalbank

Board of Management

Zaß Weber Dr Goose Gutenbergger Oelrich Reichert Dr Steinmetz

Certificate of Audit

Subsequent to our audit, we have issued with effect from 5 April 2001 the following unqualified certificate of audit:

"Auditors' report

We have audited the consolidated financial statements and Group management report of DGZ·DekaBank Deutsche Kommunalbank, Berlin/Frankfurt am Main, as at 31 December 2000. The preparation of the consolidated financial statements and Group management report as laid down by German commercial regulations and the supplementary regulations contained in the Bank's statutes is the responsibility of the Board of Management of DGZ·DekaBank Deutsche Kommunalbank. It is our responsibility to form an opinion, based on our audit, on the consolidated financial statements and Group management report.

We conducted our audit of the 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 consolidated financial statements drawn up in compliance with generally accepted accounting principles and in the Group management report are free from material misstatement. In forming our opinion, we take into account the information on the Group's business operations and its economic and legal affairs 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

consolidated financial statements and Group management report. The audit includes evaluation of the financial statements of the consolidated companies, the differentiation of the consolidated companies, the accounting and consolidation principles applied and the main opinions of the Board of Management, as well as the appreciation of the consolidated financial statements and Group management report as a whole. We are of the opinion that our audit represents a sufficiently sound basis for our assessment.

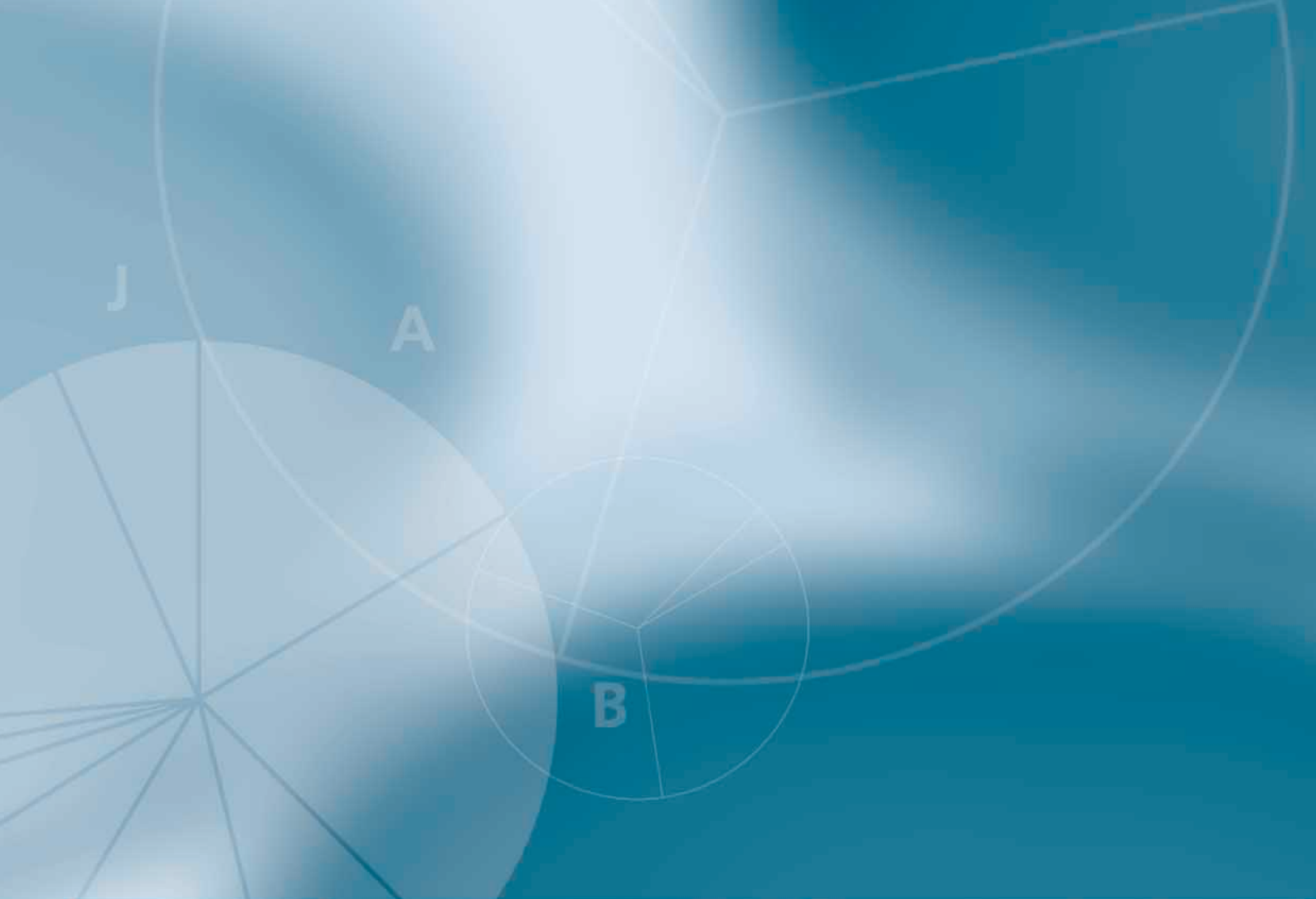
Our audit gave rise to no objections.

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

Frankfurt am Main, 5 April 2001

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Kütter	Busch
Auditor	Auditor



Shareholders, Associated Companies and Committees

112 Shareholders

113 Subsidiaries and Associated Companies

114 Supervisory Boards and Management Boards of Subsidiaries

114 Deka Deutsche Kapitalanlage-
gesellschaft mbH

115 Deka Immobilien Investment GmbH
(formerly Despa GmbH)

116 Deka Investment Management GmbH

117 Deka International S.A.

118 Dekabank (Luxemburg) S.A.

119 Interspar Verwaltungsgesellschaft S.A.

120 Deutsche Girozentrale International S.A.

121 Deka(Swiss) Privatbank AG

122 Deka International (Ireland) Ltd.

123 Investment Fund Committee

124 Fund Sales Advisory Council

126 Regional Fund Committees for Saving Banks

Shareholders of DGZ·DekaBank

		DSGV ö.K. 50.00%	
Landesbank Baden-Württemberg	8.01%	Savings Banks Association of Baden-Württemberg	15.41%
WestLB Westdeutsche Landesbank Girozentrale	7.30%	Savings Banks and Giro Association of the Rhineland	13.12%
NORD/LB Norddeutsche Landesbank Girozentrale	7.10%	Savings Banks and Giro Association of Lower Saxony	12.92%
LRP Landesbank Rheinland-Pfalz	5.95%	Bavarian Savings Banks Association	12.62%
Landesbank Hessen-Thüringen Girozentrale	5.28%	Savings Banks and Giro Association of Westfalen-Lippe	12.35%
Landesbank Schleswig-Holstein Girozentrale	4.11%	Savings Banks and Giro Association of Hessen-Thüringen	11.62%
Hamburgische Landesbank – Girozentrale –	3.33%	Savings Banks and Giro Association of Rheinland-Pfalz	6.41%
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –	2.78%	Savings Banks Association of Berlin	3.79%
Landesbank Saar Girozentrale (of which 1.36% held indirectly through BVMS GmbH)	2.58%	East German Savings Banks and Giro Association	3.66%
LandesBank Berlin – Girozentrale –	1.99%	Savings Banks and Giro Association of Schleswig-Holstein	3.56%
Bayerische Landesbank Girozentrale (held indirectly through BVMS GmbH)	1.36%	Savings Banks and Giro Association Saar	2.74%
Sachsen LB Landesbank Sachsen Girozentrale	0.21%	Hanseatic Savings Banks and Giro Association	1.80%

Subsidiaries and Associated Companies of DGZ·DekaBank

Investment Companies	Banks	Other
Deka Deutsche Kapitalanlage- gesellschaft mbH, Frankfurt am Main 100%	Deutsche Girozentrale International S.A., Luxembourg 100%	Deka FondsSupport GmbH*, Frankfurt am Main 100%
Deka Investment Management GmbH, Frankfurt am Main 100%	DekaBank (Luxemburg) S.A., Luxembourg 100%	DGZ·DekaBank- Altershilfe GmbH, Frankfurt am Main 100%
Deka International S.A., Luxembourg 100%	Deka(Swiss) Privatbank AG, Zurich 80%	Deutsche Girozentrale Overseas Ltd., Grand Cayman 100%
Deka International (Ireland) Ltd., Dublin 100%	Liquiditäts-Konsortialbank GmbH, Frankfurt am Main 2.1%	Grundstücksverwaltungs- gesellschaft (GbR), Frankfurt am Main 99%
Deka Immobilien Investment GmbH (formerly Despa GmbH), Frankfurt am Main 98.8%		Deka Grundstücksgesellschaft mbH, Frankfurt am Main 90%
Interspar Verwaltungs- gesellschaft S.A., Luxembourg 98%		DPG Deutsche Performance- messungs-Gesellschaft mbH, Frankfurt am Main 10%
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf 40%		TEZ Test- und Entwicklungs-Zentrum GmbH, Gießen 10%
Eufigest S.A., Luxembourg 23.8%		
Société de Gestion de CDC Euro Obligations S.A., Luxembourg 12.5%		
Swissca Holding AG, Berne 10%		* The shares are held indirectly.
Erste-Sparinvest Kapital- anlagegesellschaft mbH, Vienna 2.9%		The Group has further holdings which are, however, of minor significance.

Supervisory Boards and Management Boards of Subsidiaries

Supervisory Board of Deka Deutsche Kapitalanlagegesellschaft mbH (as of March 2001)

Manfred Zaß

Chairman

Chairman of the Board of Management of DGZ-DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Hans-Jürgen Gutenberger

Deputy Chairman

Member of the Board of Management of DGZ-DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Members

Hans Berger

Deputy Chairman of the Board of Management of Landesbank
Schleswig-Holstein Girozentrale, Kiel

Hartmut Boeckler

Member of the Board of Management of Nassauische Sparkasse, Wiesbaden

Wolf Gramatke

Chairman of the Board of Management of Sparkasse Höxter, Brakel

Herbert-Hans Grüntker

Executive Manager of Landesbank
Hessen-Thüringen Girozentrale,
Frankfurt am Main

Bernd Gurzki

Chairman of the Board of Management of Sparkasse Emden, Emden

Hans Hartmann

Executive Manager of NORD/LB
Norddeutsche Landesbank
Girozentrale, Braunschweig

Dr Joachim Herrmann

Chairman of the Board of Management of Hohenzollerische Landesbank
Kreissparkasse Sigmaringen,
Sigmaringen

Joachim Hoof

Chairman of the Board of Management of Sparkasse Freital-Pirna, Pirna

Gerhard Klimm

Executive Manager of LRP Landesbank
Rheinland-Pfalz, Mainz

Hans-Joachim Reichert

Member of the Board of Management of DGZ-DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Rainer Schmitz

Director of WestLB Westdeutsche
Landesbank Girozentrale, Düsseldorf

Ulrich Topoll

Chairman of the Board of Management of Sparkasse Krefeld, Krefeld

Prof Dr Hans Waschkowski

Member of the Board of Management of Landesbank Baden-Württemberg,
Stuttgart

Board of Management

Horst Zirener

Chairman

Gunars Balodis

Michael Hallacker

Supervisory Board of Deka Immobilien Investment GmbH (formerly Despa Deutsche Sparkassen-Immobilien-Anlage-Gesellschaft mbH) (as of March 2001)

Dr Dieter Goose

Chairman

Member of the Board of Management of DGZ·DekaBank Deutsche Kommunalbank, Frankfurt am Main

Axel Weber

Deputy Chairman

Deputy Chairman of the Board of Management of DGZ·DekaBank Deutsche Kommunalbank, Frankfurt am Main

Members

Alfred Bomhard

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

Jean-Claude Finck

Member of the Board of Management of Banque et Caisse d'Epargne de l'Etat, Luxembourg

Artur Grzesiek

Chairman of the Board of Management of Sparkasse Castrop-Rauxel, Castrop-Rauxel

Dr Rudolf Holdijk

Member of the Board of Management of WestLB Westdeutsche Landesbank Girozentrale, Münster

Claus Mangels

Chairman of the Board of Management of Stadtsparbank Magdeburg, Magdeburg

Peter Pahlke

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

Peter Rieck

Deputy Chairman of the Board of Management of Hamburgische Landesbank – Girozentrale –, Hamburg

Werner Schildt

Member of the Board of Management of NORD/LB Norddeutsche Landesbank Girozentrale, Hannover

Karl-Heinz Tenter

Deputy Chairman of the Board of Management of Sparkasse Moers, Moers

Dr Harald Vogelsang

Deputy Member of the Board of Management of Hamburger Sparkasse, Hamburg

Klaus Wächter

Chairman of the Board of Management of Frankfurter Sparkasse, Frankfurt am Main

Gerd Wolf

Member of the Board of Management of Landesbank Baden-Württemberg, Stuttgart

N. N.

Mandate of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main

Board of Management

Dr Willi Alda

Chairman

Michael Andreas Koch

Andreas Schreurs

Supervisory Board of Deka Investment Management GmbH (as of March 2001)

Hans-Jürgen Gutenberg

Chairman

Member of the Board of Management of DGZ·DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Hans-Joachim Reichert

Deputy Chairman

Member of the Board of Management of DGZ·DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Members

Dr Max Häring

Chairman of the Board of Management of Landesbank Saar Girozentrale,
Saarbrücken

Rolf Heberer

Director of NORD/LB Norddeutsche Landesbank Girozentrale,
Frankfurt am Main

Christian Klein

Executive Manager of Landesbank Hessen-Thüringen Girozentrale,
Frankfurt am Main

Karl-Adolf Klemm

Chairman of the Board of Management of Kreissparkasse Waiblingen,
Waiblingen

Gerhard Klimm

Executive Manager of LRP Landesbank Rheinland-Pfalz, Mainz

Peter Mausolf

Member of the Board of Management of Sparkasse Herford, Herford

Horst Schätz

Chairman of the Board of Management of Sparkasse Roth-Schwabach, Roth

Hans Schwarz

Chairman of the Board of Management of Stadtparkasse Düsseldorf,
Düsseldorf

Dr Bernhard Steinmetz

Member of the Board of Management of DGZ·DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Heinz Troppmann

Chairman of the Board of Management of Sparkasse Singen-Radolfzell, Singen

Richard Wohanka

Director of WestLB Westdeutsche Landesbank Girozentrale, Düsseldorf

Jochem Zeelen

Member of the Board of Management of LandesBank Berlin – Girozentrale –, (Mandate of the Savings Banks Association of Berlin), Berlin (to 08.03.2001)

N. N.

Mandate of Landesbank Baden-Württemberg, Stuttgart

Board of Management

Jörg-Peter Lühmann

Chairman

Dr Werner Höllenschmitt

Dr Wolfgang Leoni

Dr Manfred Nuske

Martin Wetzel

Supervisory Board of Deka International S. A. (as of March 2001)

Axel Weber

Chairman

Deputy Chairman of the Board of Management of DGZ-DekaBank Deutsche Kommunalbank, Frankfurt am Main

Horst Zirener

Deputy Chairman

Chairman of the Board of Management of Deka Deutsche Kapitalanlage-gesellschaft mbH, Frankfurt am Main

Members

Wolfgang Delfs

Executive Manager of Landesbank Schleswig-Holstein Girozentrale, Kiel

Eckhard Fiene

Director of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen

Hans-Heinrich Hahne

Chairman of the Board of Management of Sparkasse Schaumburg, Rinteln

Bernd Helbing

Director of Hamburgische Landesbank – Girozentrale –, Hamburg

Karl-Ludwig Kamprath

Chairman of the Board of Management of Kreissparkasse München Starnberg, Munich

Detlev Klug

Director of LRP Landesbank Rheinland-Pfalz, Mainz

Wilfried Knoblich

Chairman of the Board of Management of Kreissparkasse Schwäbisch Hall-Crailsheim, Schwäbisch Hall

Heiko Laib

Executive Manager of Landesbank Baden-Württemberg, Stuttgart

Rainer Mach

Executive Manager of DGZ-DekaBank Deutsche Kommunalbank, Frankfurt am Main

Alex Meyer

Managing Director of Landesbank Hessen-Thüringen International S. A., Luxembourg

Dr Wolfgang Riedel

Member of the Board of Management of Sparkasse Bonn, Bonn

Dr Helmut Ewald Ross

Chairman of the Board of Management of Sparkasse Koblenz, Koblenz

Uwe Schmidt

Chairman of the Board of Management of Sparkasse Uckermark, Prenzlau

Management

Jochen Ackermann

Horst Schneider

Patrick Weydert

Deputy Managing Director

Supervisory Board of DekaBank (Luxemburg) S. A. (as of March 2001)

Axel Weber

Chairman

Deputy Chairman of the Board of Management of DGZ·DekaBank Deutsche Kommunalbank, Frankfurt am Main

Horst Zirener

Deputy Chairman

Chairman of the Board of Management of Deka Deutsche Kapitalanlage-gesellschaft mbH, Frankfurt am Main

Members

Dr Georg Gräsel

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

Klaus Haubner

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

Marina Heller

Chairwoman of the Board of Management of Rhön-Rennsteig-Sparkasse, Meiningen

Friedel Höhn

Member of the Board of Management of Kreissparkasse Saarlouis, Saarlouis

Fritz Lütke-Uhlenbrock

Member of the Board of Management of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen

Rainer Mach

Executive Manager of DGZ·DekaBank Deutsche Kommunalbank, Frankfurt am Main

Hans Joachim Roos

Director of LRP Landesbank Rheinland-Pfalz, Mainz

Gerhard Scharner

Chairman of the Board of Management of Sparkasse Göttingen, Göttingen

Fritz Schmidt

Director of Sachsen LB Landesbank Sachsen Girozentrale, Leipzig

Detlef Sternberg

Chairman of the Board of Management of Kreissparkasse Pinneberg, Pinneberg

Dr Herbert Wieneke

Deputy Chairman of the Board of Management of Die Sparkasse Bremen, Bremen

Hermann Zondler

Deputy Member of the Board of Management of Landesbank Baden-Württemberg, Stuttgart

N. N.

Mandate of NORD/LB Norddeutsche Landesbank Girozentrale, Hannover

Management

Jochen Ackermann

Horst Schneider

Patrick Weydert

Deputy Managing Director

Supervisory Board of Interspar Verwaltungsgesellschaft S. A. (as of March 2001)

Hans-Jürgen Gutenberg

Chairman

Member of the Board of Management
of DGZ·DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Jörg-Peter Lühmann

Deputy Chairman

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

Members

Stefan Bichsel

Representative of the Supervisory
Board of Swissca Holding AG, Berne

Andrea Binkowski

Chairwoman of the Board of
Management of Sparkasse
Mecklenburg-Strelitz, Neustrelitz

Martin Haf

Chairman of the Board of Management
of Sparkasse Ostallgäu, Marktoberdorf

Lothar Heinemann

Chairman of the Board of Management
of Stadt-Sparkasse Solingen, Solingen

Dirk Köhler

Chairman of the Board of Management
of Sparkasse Uelzen, Uelzen

Bernd-Peter Morgenroth

Member of the Board of Management
of LandesBank Berlin – Girozentrale –,
(Mandate of the Savings Banks
Association of Berlin), Berlin

Alois Paus

Chairman of the Board of Management
of Sparkasse Vreden, Vreden

Horst Zirener

Chairman of the Board of Management
of Deka Deutsche Kapitalanlage-
gesellschaft mbH, Frankfurt am Main

Management

Jochen Ackermann

Horst Schneider

Patrick Weydert

Deputy Managing Director

Supervisory Board of Deutsche Girozentrale International S. A. (as of March 2001)

Hans-Joachim Reichert

Chairman

Member of the Board of Management
of DGZ·DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Manfred Zaß

Deputy Chairman

Chairman of the Board of Management
of DGZ·DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Members

Dr Dieter Goose

Member of the Board of Management
of DGZ·DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Hans-Jürgen Gutenberger

Member of the Board of Management
of DGZ·DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Claus-Dieter Homann

Executive Manager of DGZ·DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Fritz Oelrich

Member of the Board of Management
of DGZ·DekaBank
Deutsche Kommunalbank,
Frankfurt am Main

Dr Bernhard Steinmetz

Member of the Board of Management
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Deutsche Kommunalbank,
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Managing Director of Deutsche
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Deputy Chairman of the Board of
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Luc Croizé-Pourcelet

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N. N.

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Fund Sales Advisory Council of DGZ·DekaBank

Deutsche Kommunalbank (Duration 2001 – 2003)

Jürgen Teufel

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Chairman of the Board of Management
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Günter Schlatter

Deputy Chairman of the Board of
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(as of March 2001)

Regional Fund Committees for Savings Banks

(Duration 2001 – 2003)

Regional Fund Committee for Savings Banks Centre I

Sparkasse Aachen, Aachen
 Kreissparkasse Bad Dürkheim-Grünstadt, Bad Dürkheim
 Sparkasse Bad Hersfeld-Rotenburg, Bad Hersfeld
 TaunusSparkasse, Bad Homburg
 Sparkasse Rhein-Nahe, Bad Kreuznach
 Sparkasse Bonn, Bonn
 Sparkasse Darmstadt, Darmstadt
 Sparkasse Düren, Düren
 Kreissparkasse Düsseldorf, Düsseldorf
 Stadtparkasse 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
 Kreissparkasse Köln, Cologne
 Sparkasse Waldeck-Frankenberg, Korbach
 Sparkasse Krefeld, Krefeld
 Sparkasse Südliche Weinstraße in Landau i.d.Pfalz, Landau
 Sparkasse Leverkusen, Leverkusen
 Stadtparkasse Ludwigshafen, Ludwigshafen
 Stadtparkasse 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
 Stadtparkasse Oberhausen, Oberhausen
 Stadtparkasse 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
 Stadtparkasse 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
 Stadtparkasse Bad Honnef, Bad Honnef
 Sparkasse Battenberg, Battenberg
 Sparkasse Bensheim, Bensheim
 Kreissparkasse Bernkastel-Wittlich, Bernkastel-Kues
 Kreissparkasse Daun, Daun
 Sparkasse Dinslaken-Voerde-Hünxe, Dinslaken
 Wartburg-Sparkasse, Eisenach
 Stadtparkasse Emmerich-Rees, Emmerich
 Sparkasse Odenwaldkreis, Erbach
 Sparkasse Werra-Meißner, Eschwege
 Sparkasse Geldern, Geldern
 Sparkasse der Stadt Heiligenhaus, Heiligenhaus
 Sparkasse Hennef, Hennef
 Stadtparkasse Hilden, Hilden
 Kreissparkasse Saarpfalz, Homburg (Saar)
 Sparkasse Arnstadt-Ilmenau, Ilmenau
 Sparkasse Jena, Jena
 Stadtparkasse Kaarst-Büttgen, Kaarst
 Stadtparkasse Kaiserslautern, Kaiserslautern
 Stadtparkasse Kamp-Lintfort, Kamp-Lintfort
 Sparkasse Germersheim-Kandel, Kandel
 Stadtparkasse Leichlingen, Leichlingen
 Kreissparkasse Limburg, Limburg (Lahn)
 Stadtparkasse Linz, Linz
 Sparkasse Wittenberg, Lutherstadt Wittenberg
 Kreissparkasse Mayen, Mayen
 Sparkasse Merzig-Wadern, Merzig
 Stadtparkasse Monheim, Monheim
 Stadtparkasse Neukirchen-Vluyn, Neukirchen-Vluyn
 Stadtparkasse Neustadt, Neustadt an der Weinstraße
 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
 Kyffhäuserparkasse Artern-Sondershausen, Sondershausen
 Kreis- und Stadtparkasse Speyer, Speyer
 Kreissparkasse St. Wendel, St. Wendel
 Stadtparkasse Wermelskirchen, Wermelskirchen
 Sparkasse der Homburgischen Gemeinden, Wiehl
 Stadtparkasse 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
 NORD/LB Norddeutsche Landesbank, Braunschweig
 Kreissparkasse Wesermünde-Hadeln, Bremerhaven
 Sparkasse Celle, Celle
 Stadtparkasse Dortmund, Dortmund
 Sparkasse Coesfeld, Dülmen
 Sparkasse Ostholstein, Eutin
 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, Hannover
 Stadtparkasse Hannover, Hanover
 Sparkasse Herford, Herford
 Herner Sparkasse, Herne
 Kreissparkasse Hildesheim, Hildesheim
 Sparkasse Nordfriesland, Husum
 Sparkasse Ibbenbüren, Ibbenbüren
 Sparkasse der Stadt Iserlohn, Iserlohn
 Sparkasse Kiel, Kiel
 Sparkasse Lemgo, Lemgo
 Sparkasse Lüneburg, Lüneburg
 Sparkasse Emsland, Meppen
 Sparkasse Minden-Lübbecke, Minden
 Sparkasse Münster, Münster
 Landessparkasse zu Oldenburg, Oldenburg
 Sparkasse Paderborn, Paderborn
 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
 Stadtparkasse 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 of 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
 Stadtparkasse Bad Oeynhausen, Bad Oeynhausen
 Stadtparkasse Bad Pyrmont, Bad Pyrmont
 Stadtparkasse Bad Sachsa, Bad Sachsa
 Städtische Sparkasse Barntrup, Barntrup
 Sparkasse Bestwig, Bestwig
 Stadtparkasse Blomberg, Blomberg
 Sparkasse Bottrop, Bottrop
 Spar- und Leihkasse zu Bredstedt, Bredstedt
 Stadtparkasse Burgdorf, Burgdorf
 Stadtparkasse Cuxhaven, Cuxhaven
 Kreissparkasse Grafschaft Diepholz, Diepholz
 Sparkasse Emden, Emden
 Stadtparkasse Emsdetten, Emsdetten
 Sparkasse Finnentrop, Finnentrop
 Stadtparkasse Goslar, Goslar
 Kreissparkasse Halle, Halle (Westfalen)
 Sparkasse Halver-Schalksmühle, Halver
 Stadtparkasse Hildesheim, Hildesheim
 Sparkasse Kierspe-Meinerzhagen, Kierspe
 Stadtparkasse Kreuztal, Kreuztal
 Stadtparkasse Lengerich, Lengerich
 Sparkasse Lünen, Lünen
 Stadtparkasse Marsberg, Marsberg
 Zweckverbandsparkasse Meschede, Meschede
 Sparkasse Nienburg, Nienburg
 Kreissparkasse Grafschaft Bentheim zu Nordhorn, Nordhorn
 Stadtparkasse Osterode, Osterode
 Kreissparkasse Peine, Peine
 Stadtparkasse Rahden, Rahden
 Sparkasse Mittelholstein AG, Rendsburg
 Kreissparkasse Wiedenbrück, Rheda-Wiedenbrück
 Stadtparkasse Rheine, Rheine
 Sparkasse des Landkreises Goslar in Salzgitter-Bad, Salzgitter
 Sparkasse Scheessel, Scheessel
 Kreissparkasse Soltau, Soltau
 Kreissparkasse Stade, Stade
 Stadtparkasse Versmold, Versmold
 Sparkasse Warendorf, Warendorf
 Stadtparkasse Wedel, Wedel
 Sparkasse Werl, Werl
 Stadtparkasse Werne, Werne
 Stadtparkasse 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
 Stadtparkasse Augsburg
 Kreditanstalt des öffentlichen Rechts, Augsburg
 Sparkasse Zollernalb, Balingen
 Sparkasse Bamberg, Bamberg
 Sparkasse Bayreuth, Bayreuth
 Kreissparkasse Biberach, Biberach
 Kreissparkasse Böblingen, Böblingen
 Sparkasse Bruchsal-Bretten, 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 Stadtparkasse 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 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
 Sparkasse Hochrhein, Waldshut-Tiengen
 Sparkasse Mainfranken Würzburg, Würzburg

Extraordinary members

Savings Banks Association of Baden-Württemberg, Stuttgart and Mannheim
 Bavarian Savings Banks Association, Munich

Regional Fund Committee for Savings Banks South II

Sparkasse Bad Kissingen, Bad Kissingen
 Kreissparkasse Bautzen, Bautzen
 Sparkasse Stauf-Breisach, Breisach
 Sparkasse Buchen-Walldürn, Buchen
 Sparkasse Bühl, Bühl
 Sparkasse Delitzsch-Eilenburg, Delitzsch
 Sparkasse Dingolfing-Landau, Dingolfing
 Kreis- und Stadtparkasse Dinkelsbühl, Dinkelsbühl
 Kreissparkasse Döbeln, Döbeln
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 Kreissparkasse Freudenstadt, Freudenstadt
 Sparkasse Freyung-Grafenau, Freyung
 Kreissparkasse Friedrichshafen, Friedrichshafen
 BezirksSparkasse Furtwangen, Furtwangen
 Sparkasse Gaggenau-Kuppenheim, Gaggenau
 Kreissparkasse Garmisch-Partenkirchen, Garmisch-Partenkirchen
 Sparkasse Muldentale, Grimma
 Sparkasse Haslach-Zell, Haslach
 Sparkasse Ostunterfranken, Haßfurt
 Kreissparkasse Höchststadt a.d. Aisch, Höchststadt
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 Sparkasse Hanauerland, Kehl
 Sparkasse Konstanz, Konstanz
 Kreis- und Stadtparkasse Krumbach, Krumbach
 Sparkasse Lahr-Ettenheim, Lahr
 Kreissparkasse Lichtenfels, Lichtenfels
 Kreissparkasse Mittweida, Mittweida
 Sparkasse Mosbach-Eberbach, Mosbach
 Sparkasse Markgräflerland, Müllheim
 Stadtparkasse Neuburg, Neuburg
 Sparkasse Pfullendorf-Mecklenburg, Pfullendorf
 Stadtparkasse Rain, Rain
 Sparkasse Regen-Viechtach, Regen
 Kreissparkasse Riesa-Großenhain, Riesa
 Stadt- und Kreissparkasse Rothenburg, Rothenburg o.d.T.
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 Städtische Sparkasse Schweinfurt, Schweinfurt
 Hohenzollerische Landesbank-Kreissparkasse Sigmaringen, Sigmaringen
 Sparkasse Singen-Radolfzell, Singen (Hohentwiel)
 BezirksSparkasse St. Blasien, St. Blasien
 Sparkasse Tauberfranken, Tauberbischofsheim
 Sparkasse im Landkreis Tirschenreuth, Tirschenreuth
 Sparkasse Hochschwarzwald, Titisee-Neustadt
 Sparkasse Überlingen, Überlingen
 Vereinigte Sparkassen im Landkreis Weilheim, Weilheim
 Sparkasse Wolfach, Wolfach

(as of March 2001)

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Our Group companies in Luxembourg and Switzerland, Deutsche Girozentrale International S.A., Deka International S.A., DekaBank (Luxemburg) S.A., and Deka(Swiss) Privatbank AG, publish their own Annual Reports.

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