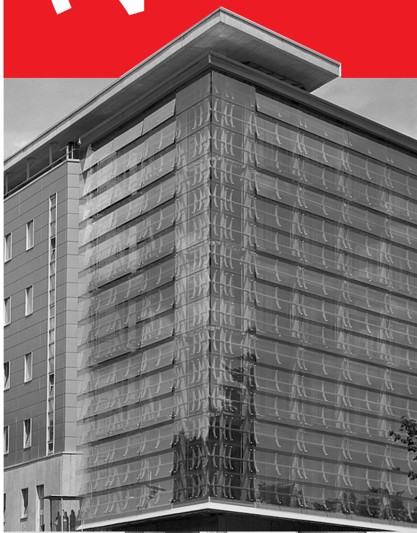
Management Report
Balance Sheet
Profit and Loss Account

2002



Sparkasse Saarbrücken's complete financial statement was published in the Federal Gazette and received the unconditional approval of the audit department of the Sparkassen- und Giroverbandes Saar (Saarland Savings Banks and Giro Association).

Sparkasse Saarbrücken

Da, wo Sie zu Hause sind

Management Report 2002

Economic development

Seen from an economic point of view, 2002 did not live up to any of the expectations placed in it. Gross domestic product in Germany grew by a mere 0.2 %. For the second year running, the increase in the country's total production of goods and services remained under the 1-percent mark. Against this backdrop, it is of little consolation that the economy was able to avoid declining into recession, a state officially defined as a fall in production over two consecutive quarters. The already modest growth forecasts made at the beginning of 2002 were thus clearly not met. The strong rise in the early economic indicators during the first six months of 2002 signalled an even higher upswing that however failed to materialise. The weakness in investment that characterised 2001 remained more or less unchanged in 2002. This was accompanied, however, by a significant and ever-worsening decline in consumer confidence with the result that private spending fell in 2002 for the first time since figures for a reunified Germany have been published. The fact that a recession was avoided despite the desolate nature of domestic demand can be put down almost exclusively to the positive development in exports.

As in the previous year, Saarland's economy performed comparatively well in 2002. At around 1.2 %, Saarland in fact registered the highest growth rate in gross domestic product of any German regional state. But this performance was still insufficient to achieve any improvement in the labour market.

The number of persons employed in jobs subject to social security deductions fell significantly in the course of the year. The mainstays of the economy were industrial sectors such as machine engineering, the production of metal products and the food industry. Wholesale activities and some service areas also exerted a positive influence on the economy. By contrast, the steel industry, vehicle production, the building industry, retail sales and catering all performed disappointingly.

Business development

Total assets and volume of business

	Inventory 31.12.2002	2002	Changes 2002	2001
	EUR millions	EUR millions	%	%
Volume of business[1]	5,914.8	263.5	4.7	4.4
Total assets	5,849.3	274.0	4.9	4.6

[1] 1) Total assets plus contingent liabilities/rediscounted own bills of exchange (including own issues)/bills of exchange despatched for collection prior to maturity

Business development in 2002 saw Sparkasse Saarbrücken producing a similarly satisfactory result as in the previous year.

Business volume development was primarily influenced by the growth in our dealings with banks.

Lending business
(including bottom line of Liabilities item 1)

	Inventory 31.12.2002	2002	Changes 2002	2001
	EUR millions	EUR millions	%	%
Volume of loans	3,134.5	7.6	0.2	4.1
Loans to banks	1,198.4	329.1	37.9	27.1
Investments in securities	1,360.7	./.65.0	./.4.6	./.5.3

Volume of loans to customers

Sparkasse Saarbrücken granted new loans totalling EUR 368.1 million in the 2002 financial year (EUR 329.6 million in the previous year).

The loans to customers that showed an increase of around EUR 20.5 million or approx. one percent are set off, among others, against reduced guarantee commitments (EUR -10.5 million, -13.9 %), which cut the growth in total loans to EUR +7.6 million or + 0.2 %.

We aim to continue with our risk-oriented loan agreement policy in the 2003 financial year and reckon on again achieving moderate growth in the customer loans business.

Loans to banks

2002 saw the level of loans to banks rise by EUR 329.1 million, an increase of 37.9 % over 2001. This trend can be attributed in the main to forward transactions and bond-based loans, which were up by EUR 309.6 million and EUR 58.6 million respectively, whereas overnight transactions (inventory as at 31.12.2001: EUR 40 million) were discontinued in their entirety.

Investments in securities

Our securities portfolio declined in value by a total of EUR 65.0 million to EUR 1,360.7 in 2002. This can be attributed primarily to maturities and sales in fixed-interest securities amounting to EUR 384.1 million, against which a mere EUR 262.0 million in new investments could be offset. The inventory of other securities increased by EUR 58.4 million (+22.5 %), from which the special funds and other unit trusts benefited most.

Parts of our securities portfolio are invested in various special funds. It is our intention to set and meet a target for assets managed by third parties, giving due consideration to risk and return ratios.

Deposits business

	Inventory 31.12.2002	2002	Changes 2002	2001
	EUR millions	EUR millions	%	%
Funds deposited by customers	3,907.3	44.2	1.1	1.7
Of which: Savings deposits	1,918.2	34.6	1.8	8.2
Uncertificated liabilities	1,606.7	117.5	7.9	./.1.8
Certificated liabilities	306.2	./.64.2	./.17.3	./.13.6
Subordinated liabilities	60.9	./.43.7	./.41.8	11.0
Liabilities to banks	1,652.3	192.2	13.2	13.9
Of which: Subordinated liabilities	55.0	38.6	234.2	./.220.3

Liabilities to customers

The slight increase in funds deposited by customers results, on the one hand, from the development of savings deposits with three-months' notice, which mainly serve to guarantee liquidity, and, on the other hand, from the development in other liabilities with agreed terms or periods of notice. While customer term deposits increased by EUR 108.7 million or 35.8 % (-14.3 % in the previous year), savings bank certificates including S-Renta-Plan fell by EUR 27.1 million or 5.1 % (-1.7 % in the previous year). The fact that there was a change of creditor in respect of subordinated liabilities with the result that EUR 38.6 million switched from liabilities to customers to liabilities to banks also impacted on the inventory situation here. We anticipate the trend towards low growth in the funds deposited by customers to continue into the 2003 financial year.

Liabilities to banks

Liabilities to banks experienced a significant increase, whereby this trend can be attributed primarily to funds that serve the purpose of financing Sparkasse Saarbrücken's lending activities and controlling its interest movements.

Services

Turnover in securities rose by 3.55 % to EUR 426 million over the previous year, whereby gross yields fell by around 12 % over the same period.

The financial year saw a total of 2,193 mortgage savings accounts being opened with an average mortgage amount of EUR 20.5 thousand and a total volume of EUR 45.2 million. This was slightly down on the previous year's performance with the 4.8 % decline resulting from the difficult nature of the economic climate. A total of 4,788 life and pension insurance contracts including so-called Riester contracts with a total premium value of EUR 26.5 million were brokered during the year. This was around 19 % up on last year's performance in term's of the number of contracts concluded and approx. 11 % up in terms of total premium payments. In the non-life insurance area, a total of 2,664 contracts with annual premiums of EUR 531 thousand were concluded.

In its foreign dealings in 2002, Sparkasse Saarbrücken experienced a continuation of the negative trend of the previous year in terms of the profits earned from exchange rate gains (-46.5 %). The relatively lively demand for foreign currency loans (+6.5 %) and the slight increase in commission earnings (+3.0 %) were unable to offset the losses suffered in this area.

Derivatives

Interest swaps continued to be the only form of derivative transaction performed. These were used for the sole purpose of securing the banks own positions during the financial year.

Own trading

Due to the fall in the level of interest, Sparkasse Saarbrücken reduced the average term of its Depot-A. The turnover – purchases, sales, and maturities – amounted to a total of EUR 744 million. The composition of Depot-A remained largely unchanged.

Staff and welfare matters

The deputy board chairman Hansjörg Huber went into retirement on 31.08.2002. His successor is Dr. Harald Langenfeld, who took up his post on the board at Sparkasse Saarbrücken on 01.09.2002. Mr Uwe Kuntz was also appointed deputy board chairman with effect of the same date.

Sparkasse Saarbrücken employed on average 1,334.8 employees including board members during 2002. Staff fluctuation caused the workforce to decline by 0.9 % over 2001. All 12 trainees, who successfully completed their period of training, were taken on by the company as fully fledged members of staff. Personnel costs rose by 2.7 % to EUR 62.5 million in 2002, a fact partially attributable to the 3.1 % rise in pay and conditions that came into effect on 1 July 2002.

Our members of staff can avail themselves of various attractive working hour models - from variable working hours via part-time work through to pre-retirement part-time work. The year under review saw 43 members of staff making use of the pre-retirement arrangement.

Key building activities and technical changes

In the 2002 financial year, company restructuring resulted in a total of 6 outlets being closed. 7 outlets had their opening hours reduced and a further 7 outlets were converted into self-service points offering a wide range of services (KAD and GA as well as a self-service terminal). All in all, our network of branch offices now numbers 72, all offering customer counselling facilities.

Assets

Our savings bank finds itself in an assets situation that is characterised by a high share of loans to banks and a smaller share of loans to customers as compared with the average based on the members of our association. Our share of securities assets is in line with average level. As far as the origin of the funds deposited with us is concerned, approx. two-thirds are liabilities to customers and, as such, slightly down on the previous year's level. Here too, the share of funds deposited by banks, which again rose over the previous year's level, is higher than the association's average.

Assets

	31.12.2002	31.12.2001	as a % of business volume 31.12.2002	31.12.2001
	EUR millions	EUR millions	%	%
Total loans to customers	3,134.5	3,126.9	53.0	55.3
of which:				
Loans to public sector	692.0	703.7	11.7	12.5
Loans to banks	1,198.4	869.3	20.3	15.4
Securities	1,360.7	1,425.7	23.0	25.2
Fixed assets	73.6	82.0	1.2	1.5
Other assets	147.6	147.5	2.5	2.6
Funds depositied by customers	3,907.3	3,863.1	66.0	68.4
Liabilities to banks	1,652.3	1,460.1	27.9	25.8
Other liability items (including contingent liabilities and reserves)	132.0	146.4	2.2	2.6
Equity capital (including fund for general banking risks)	223.3	181.8	3.8	3.2

After the transfer from net earnings which has yet to be approved by the board of directors, the contingency reserve will amount to EUR 188.7 million, an increase of 4,3 % over the previous year. In addition to the contingency reserve, Sparkasse Saarbrücken has at its disposal a fund for general banking risks that was set at EUR 33.7 million in the year under review, its first year in existence, and other supplementary equity capital components. The liable equity capital available to the Sparkasse was significantly increased in 2002 and is now at a satisfactory level. At 10.5 %, the ratio of equity capital, measured according to Section 10 of the German Banking Act (KWG) in relation to the sum of weighted risk assets and market risk positions as at 31 December 2002 exceeds the minimum statutory requirement of 8 %. The Sparkasse's equity capital assets thus provide a secure basis for future business expansion. The asset items appearing in the balance sheet, above all the securities portfolio and basic assets, contain undisclosed reserves. Moreover, we have also taken additional precautions as per section 340f of the German Commercial Code (HGB) to counter the particular risks the banking business is exposed to.

Based on the general economic data available to us – low economic growth, weak demand for loans from companies and private persons – we anticipate subdued growth in business activities.

Financial position

Sparkasse Saarbrücken's solvency during the financial year was guaranteed at all times thanks to the well-planned, balanced liquidity provisions it made. No problems are expected in this regard in the current financial year either. Partial use was made of the credit facilities extended by Deutsche Bundesbank and the SaarLB. Appropriate assets were maintained at the responsible central bank in order to comply with minimum reserve requirements. With effect of the end of the financial year, a liquidity rating of 1.33 was calculated based on Principle II such that the liquidity level is to be considered adequate both at the given point in time as well as for the 2002 financial year as a whole. Nor do the key figures to be calculated for further periods of observation (spans of up to twelve months) give any indication of anticipated liquidity problems. Our financial planning shows our solvency to be secure for the foreseeable future.

Table based on profit and loss account

	2002	2001
	EUR millions	EUR millions
Net interest received (incl. P+L items 3 and 4)	117.5	98.5
Net commission received	19.0	19.5
Administrative costs		
a) Personnel costs	./.62.5	./.60.9
b) Non-personnel costs	./.29.5	./.26.3
Partial result	44.5	30.8
Net earnings from financial transactions	0.2	0.4
Other ordinary income and costs (balance)	./.6.0	./.7.3
Result before valuation	**38.7**	**23.9**
Valuation result	./.29.7	./.12.9
Result after valuation	**9.0**	**11.0**
Release of special items with reserves share	0.1	4.2
Extraordinary result	3.2	0.0
Taxes	./.3.6	6.7
Net earnings/ and retained profit/	**8.7**	**8.5**

Earnings position

The net interest received which rose by almost one-fifth in the year under review continues to be our business' most significant source of income. The ongoing state of low-level market interest rates has caused our refinancing costs to fall both in our deposits business and our interbank dealings. This has enabled us to more than compensate for the similarly modest decline in earnings from our investment activities. Based on average total assets, the interest margin works out at 2.01 %, an increase of 0.22 % points over the previous year.

Net commission income decreased only marginally in the past year. Here too, negative developments – in our securities operations with private customers, for instance – were largely offset by our good performance in other business areas. The ratio of net commission income to net interest income fell to 16.2 % as compared with the 19.8 % of the previous year.

Net earnings from financial transactions comprising trading in securities and foreign exchange declined by around 50 % to EUR 0.2 million. This was due in the main to the fall in earnings in both securities and foreign exchange.

The rise in administrative costs by EUR 4.8 million to EUR 92.0 million can be attributed among others to pay increases on the personnel side and higher EDP expenditure on the non-personnel side.

In total, net income (P+L items 1 to 9) rose by 14.1 % to EUR 140.2 million. As, however, expenditure as a whole (P+L items 10 to 12) increased at a significantly lower rate by 3.4 % to EUR 101.3 million, the cost-to-income ratio improved to 72.3 % after the 77.7 % of the previous year. A further reduction in this ratio will also be one of our objectives in the coming year.

For the analysis of our company's earnings position, we use for internal purposes the so-called "operating comparison" of the savings banks organisation by way of which a detailed break-down and analysis of our specific savings bank's result occurs in relation to average total assets. The operating result before valuation includes ordinary earnings from ordinary interest, service and trading transactions. The operating result after valuation is obtained after due consideration of the valuation result. Taking the neutral result and taxes into account provides us with annual net income.

The operating result before valuation that is calculated on this basis improved markedly over the previous year, although we still do not consider it satisfactory.

Giving due consideration to all the necessary valuation measures we have achieved a more or less satisfactory operating result after valuation.

The extraordinary result was positive and exclusively characterised by the sale of participating interests. The net earnings reported are sufficient to provide for our core capital needs while permitting the ongoing expansion of our business.

Our forecast for the 2003 financial year anticipates a renewed improvement in net interest income and the operating result before valuation.

Risk report

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

- Counterparty default risks
- Liquidity risks
- Market price risks
- Other price risks
- Operating risks

Risks in terms of future development that put the bank's inventory under threat or exert a major influence on the company's asset, financial or earnings position are currently not apparent. Our company has set up a risk management, monitoring and control system in accordance with section 25a of the German Banking Act (KWG) that is appropriate to the nature and scope of the company's business activities. The following covers only such risks as were not given due consideration in the balance sheet in the form of valuation measures or the allocation of reserves. Counterparty default risks are considered to be such risks as constituted by payment commitments due to the bank that can only be partially met or not at all. Control of our lending operations occurs with particular consideration being given to size class structure, the nature of the given industry, the collateral provided and the risk of the commitment concerned. The management board attaches great importance to risk limitation in the company's customer lending activities. Testimony to this is the fact that a focus continues to be placed on quality i.e. risk-sensitive loan provision as one of the company's corporate goals for the 2003 financial year, as it was in 2002too. Significant risks needing to be taken in some cases require the approval of the Sparkasse's credit committee.

For loan risk control purposes, Sparkasse Saarbrücken applies a rating method that currently encompasses all corporate customers. When judging the creditworthiness of customers, the Sparkasse makes use of other instruments (e.g. FERI Sector Rating) in addition to those systems the savings bank organisation offers (e.g. the EBIL program for individual balance-sheet analysis). Furthermore, 2003 will see Sparkasse Saarbrücken introducing a rating system developed by the Deutscher Sparkassen- und Giroverband (German Savings Banks and Giro Association) that conforms with the requirements of the Basle Banking Supervision Regulations. These systems enable the individual loan risks to be limited while diversifying the loan portfolio risk.

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

The market price risk is considered to encompass such risks as are incurred when the market price of tangible goods or financial investments develops to the disadvantage of the owner due to changes in the market situation or lack of market demand. Market price risks can lead to write-downs being made on the valuation cut-off date from a commercial legislation point of view or to a reduction in cash value as seen in cash value terms.

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

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

Moreover, we also differentiate between risk management and risk controlling. Our company's risk management system determines risk types, limits and structures. The risk controlling system we have implemented monitors the market price risks identified in terms of type and seriousness to then provide daily reports to the various departments concerned and the management in accordance with the requirements to be met by the exercising of trading transactions.

The interest change risk as a part of the market price risk is also monitored regularly at an overall bank level with the aid of risk analyses as per the cash value concept and brought to the attention of the management board on a monthly basis. The interest change risk is determined by applying a value-at-risk method based on a historic simulation with a holding period of 63 trading days, a confidence level of 95 % and a historic observation period of 12 years.

Liquidity risk is considered to encompass such risks as are incurred when the bank is no longer able to unconditionally meet its payment commitments. Term transformation means that a considerable significance is attached to capital commitment terms on both the assets and liabilities sides. Depending on whether the given liquidity risk is on the assets or liabilities side, we differentiate between asset-related liquidity risks (market liquidity risk, forward risk, call-up risk), and liability-related liquidity risks (market liquidity risks, refinancing risk, call-up risk).

The liquidity risk is countered by ensuring that sufficient liquidity provisions are made in respect of both assets and liabilities and that they are responsibly structured. Monthly fine-tuning is carried out on the basis of empirical values and the incorporation of all maturities occurring in a further 12-month period.

Operational risks are defined as such risks as involve direct or indirect losses due to human error, the inadequacy of internal processes and systems and external events. Operational risks receive their specific characterisation in the form of legal risks and operating risks.

Legal risks are minimised by the careful examination of contractual fundamentals and the use of standard contracts.

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

Equity investment risks are countered by supplying the given management board with regular/annual reports and the intensive support of the key shareholdings by our representatives on the given monitoring, supervisory and advisory committees.

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

Outlook

The economic situation in Germany is not a pleasing one. The growth of the economy as a whole has been at best very subdued for two years running. The odds are that this trend will continue in 2003. Current forecasts anticipate real growth of a mere half a percent. Rising unemployment, higher taxes and social security contributions and general uncertainty are all contributing to put the brakes on spending. In view of the sufficient levels of spare capacity that are currently available, companies are under no pressure whatsoever to invest. Precarious geopolitical uncertainty is a further negative factor. All hopes rest on the global economy recovering, thus reinvigorating the demand for exports. After all, the US economy has seemed to be back on a course of moderate growth since early 2003. A favourable global economic climate alone will probably be insufficient, however, to bring higher growth rates and improved employment back to Germany. It would seem that a bolder German reform and economic policy is what's needed to stabilise the economic expectations of the Germans and their confidence in the future.

2003 is likely to be a difficult year for the Saarland too. There are currently few signs that Saarland's economy can again grow faster than the German economy as a whole. The economic indicator calculated by the Chamber of Commerce every month fell significantly at the back of 2002 and has thus followed the decline of the ifo Business Climate Index, admittedly with a slight delay. It is also to be feared that the increase in the value of the euro will leave its mark on the Saarland economy with its traditionally above-average export-oriented focus. And the labour market situation gives even less grounds for optimism.

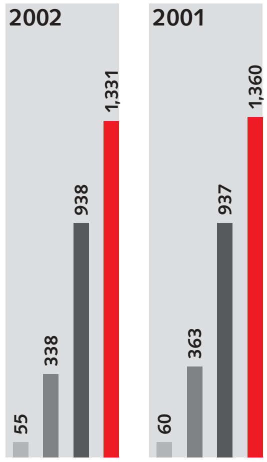
Both the current and future developments in the market environment in which service providers operate will continue to bring with them new tasks and challenges. Precisely after such a difficult year for banks in 2002, Sparkasse Saarbrücken considers the concepts it implemented to have proven correct and does not intend changing the course it has struck. This involves focusing on the needs of our customers in our regional field of activity. With our proven products and services we are confident of satisfying customer demand and are looking to increase market penetration. Improving our cost-income ratio remains one of our key objectives and an important support in fulfilling our public remit.

Operating result 1 anticipated for 2003 will be approx. the same as that achieved in the previous year. In so doing, our net interest income is benefiting from a fall in interest costs and only slight losses in interest income. The ordinary expenditure has been given adequate planning. We are reckoning on the negative impact of the valuation result on profit being markedly less than in the previous year. Despite this, we have appropriately increased the provisions planned for our lending operations in line with the economic outlook. Given the expected development in the market, we do not anticipate our securities operations imposing a greater burden on the company's overall success in the year as a whole. All in all, we expect the improvement in our earnings situation that commenced in the previous year to stabilise through 2003 such that the level of retained profit should be marginally up on that of the 2002 financial year.

Sparkasse Saarbrücken

Our network of outlets

Staff development



- Total no. of employees
- Full-time employees
- Part-time and temporary employees
- Trainees

Management board

in the year under review

Dieter Klepper
Chairman of the board

Hansjörg Huber
Deputy chairman
until 31.08.2002

Uwe Kuntz
Deputy chairman
from 01.09.2002

Dr. Harald Langenfeld
Board member
from 01.09.2002

Hans-Werner Sander
Board member

Sparkasse Saarbrücken's board of directors

in the year under review

Chairman

Michael Burkert
President of City Association
until 30.04.2002

Hajo Hoffmann
Lord Mayor
from 01.05.2002

Deputy chairman

Hajo Hoffmann
Lord Mayor
until 30.04.2001

Michael Burkert
President of City Association
from 01.05.2001

Mr Hoffmann has not carried out his duties as Lord Mayor since 28.08.2002. President of the City Association Mr Burkert is standing in for him in his capacity as chairman of the board of directors.

Other members:

Dr. Gerhard Bauer
Roland Bentz
Karl Caspers
Annemie Christoph
Jörg Ehm
Manfred Hayo
Marga Herzog
from 26.04.2002
Manfred Maurer
Christiane Scherwarth
Volker Schmidt
Walter Schneider
Manfred Seiler
Gerhard Sendel
Engelbert Thiel
Gerhard Walter
Stephan Westhofen
until 31.03.2002
Gert Wiebe
Karlheinz Wiesen

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Telex
4 421 343 sbrk d
SWIFT- Code
SAKS DE 55
eMail
service@sparkasse-saarbruecken.de
Internet
http://www.spk-sb.de

Legal form

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

Trade registry

Saarbrücken, A 8590

Our A-class partner banks

Austria	Bank Austria AG	Vienna	BKAU	AT	WW
	Dornbirner Sparkasse	Dornbirn	DOSP	AT	2D
Belgium	Ing Belgium SA/NV	Brussels	BBRU	BE	BB 010
	FORTIS Bank	Brussels	GEBA	BE	BB 36A
	KBC Bank NV	Brussels	KRED	BE	BB
Britain	Barcleys Bank International	London	BARC	GB	22
	Standard Chartered Bank	London	SCBL	GB	2L
	The Royal Bank of Scotland	London	RBOS	GB	2L
Canada	Bank of Montreal	Montreal	BOFM	CA	M2
Denmark	Den Danske Bank	Copenhagen	DABA	DK	KK
Finland	MERITA Bank Ltd.	Helsinki	MRIT	FI	HH
France	Banque Fédérative du Credit Mutuel	Strasbourg	CMCI	FR	PA
	Banque Populaire de Lorraine Champagne	Metz	BPLM	FR	2M
	Credit Industriel d´Alsace et de Lorraine	Strasbourg	CMCI	FR	2S
Germany	Dresdner Bank AG	Frankfurt	DRES	DE	FF
	Landesbank Hessen-Thüringen	Frankfurt	HELA	DE	FF
Ireland	AIB Allied Irish Bank	Dublin	AIBK	IE	2D
Italy	Cassa di Risparmio di Bolzano	Bolzano	CRBZ	IT	2B
Japan	Sumitomo Mitsui Banking Corporation	Tokyo	SMBC	JP	JT
Luxembourg	Banque et Caisse d´Epargne de l´Etat	Luxembourg	BCEE	LU	LL
	Banque Générale du Luxembourg	Luxembourg	BGLL	LU	LL
Norway	Union Bank of Norway	Oslo	UBNO	NO	KK
Portugal	Banco Espirito Santo e Commercial	Lisbon	BESC	PT	PL
Spain	Deutsche Bank Sociedad Anónima Espanol	Barcelona	DEUT	ES	BB
Sweden	Nordbanken	Stockholm	NBBK	SE	SS
Switzerland	Bank CIAL Schweiz AG	Basle	CIAL	CH	BB
USA	Bank of New York	New York	IRVT	US	3N

Annual financial statement as at 31.12.2002

		EUR	EUR	EUR	31.12.2001 EUR thousands
1. Cash reserve					
a) Cash on hand			44,502,161.48		40,335
b) Credit with Deutsche Bundesbank			79,014,000.49		73,767
				123,516,161.97	114,102
2. Public bonds and bills of exchange licensed with Deutsche Bundesbank for refinancing purposes					
a) Treasury bills and non-interest-bearing treasury notes and similar public bonds			0.00		0
b) Bills of exchange			1,960,903.93		4,097
				1,960,903.93	4,097
3. Loans to banks					
a) Due daily			3,637,537.80		43,781
b) Other loans			1,194,732,749.26		825,479
				1,198,370,287.06	869,260
4. Loans to customers				3,065,337,792.01	3,044,820
of which: those secured with liens on real estate	1,073,583,263.19 EUR				(1,071,339)
local government loans	691,971,337.64 EUR				(703,712)
5. Bonds and other fixed-interest securities					
a) Money market securities					
aa) From public issuers		0.00			0
of which: those eligible as security for loans from Deutsche Bundesbank	0.00 EUR				(0)
ab) From other issuers		0.00			
of which: those eligible as security for loans from Deutsche Bundesbank	0.00 EUR				(0)
			0.00		0
b) Debentures and bonds					
ba) From public issuers		140,419,962.51			159,095
of which: those eligible as security for loans from Deutsche Bundesbank	140,419,962.51 EUR				(151,186)
bb) From other issuers		901,094,396.13			1,006,967
of which: those eligible as security for loans			1,041,514,358.64		1,166,062
from Deutsche Bundesbank	880,929,301.13 EUR				(976,728)
c) Own bonds			1,801,305.02		582
				1,043,315,663.66	1,166,644
Nominal amount	1,757,333.52 EUR				(570)
6. Shares and other non-fixed-interest securities				317,429,146.68	259,060
7. Equity investments				32,280,904.41	38,446
of which:					
in banks	0.00 EUR				(0)
in financial service companies	0.00 EUR				(0)
8. Shares in affiliated/associated companies				51,129.19	26
of which:					
in banks	0.00 EUR				(0)
in financial service companies	0.00 EUR				(0)
9. Trustee assets				1,738,864.79	2,006
of which: trustee loans	1,738,864.79 EUR				(2,006)
10. Compensation claims vis-à-vis government incl. bonds from their exchange				0.00	0
11. Intangible investments				862,346.26	679
12. Fixed assets				40,384,495.23	42,814
13. Other asset items				20,338,191.36	29,171
14. Accruals and deferrals				3,763,603.10	4,185
Total assets				5,849,349,489.65	5,575,310

		EUR	EUR	EUR	31.12.2001 EUR thousands
1. Liabilities to banks					
a) Due daily			329,172,762.30		233,892
b) With agreed term or period of notice			1,268,038,956.14		1,203,452
				1,597,211,718.44	1,437,344
2. Liabilities to customers					
a) Savings deposits					
aa) With agreed period of notice of three months		1,549,706,814.47			1,509,840
ab) With an agreed period of notice of in excess of three months		368,513,433.01			373,773
			1,918,220,247.48		1,883,613
b) Other liabilities					
ba) Due daily		674,679,283.87			636,805
bb) With an agreed period of notice		931,996,294.30			852,414
			1,606,675,578.17		1,489,219
3. Certificated liabilities				3,524,895,825.65	3,372,832
a) Bonds issued			306,163,936.71		376,572
b) other certificated liabilities			0.00		0
				306,163,936.71	376,572
of which:					
money market securities	0.00 EUR				(0)
own bills of acceptance					
promissory notes in circulation	0.00 EUR				(0)
4. Trustee liabilities				1,738,864.79	2,006
of which: trustee loans	1,738,864.79 EUR				(2,006)
5. Other liabilities				9,886,995.90	9,346
6. Accruals and deferrals				11,603,623.40	12,021
7. Allocations to reserves					
a) Reserves for pensions and similar commitments			9,890,584.00		9,765
b) Tax reserves			4,252,604.91		3,893
c) Other reserves			29,100,741.24		33,215
				43,243,930.15	46,873
8. Special items with reserves share				0.00	108
9. Subordinated liabilities				115,954,578.99	121,073
10. Participatory capital				15,338,756.44	15,339
of which: that due within less than two years	0.00 EUR				(0)
11. Fund for general banking risks				33,700,000.00	0
12. Equity					
a) Subscribed capital			0.00		0
b) Capital reserves			0.00		0
c) Profit reserves					
ca) Contingency reserve		180,942,089.07			173,256
cb) Other reserves		0.00			0
			180,942,089.07		173,256
d) Net earnings			8,669,170.11		8,540
				189,611,259.19	181,796
Total liabilities				5,849,349,489.65	5,575,310
1. Contingent liabilities					
a) Contingent liabilities from rediscounted bills of exchange			0.00		0
b) Liabilities from guarantee contracts			65,462,551.25		76,031
c) Liability for assets pledged as collateral security for third-party liabilities			33,266.13		14
				65,495,817.38	76,045
2. Other liabilities					
a) Return commitments for unauthentic pension transactions			0.00		0
b) Placing and takeover commitments			0.00		0
c) Irrevocable loan agreements			40,558,263.82		48,409
				40,558,263.82	48,409

Profit and loss account for the 2002 financial year

	EUR	EUR	EUR	2001 EUR thousands
1. Interest income from				
a) Loan and money market transactions	229,469,142.77			225,497
b) Fixed-interest securities and debt register claims	59,961,979.76			66,977
		289,431,122.53		292,474
2. Interest expenditure		187,985,719.28		203,525
			101,445,403.25	88,949
3. Current income from				
a) Shares and other non-fixed-interest securities		12,789,458.80		(5,042)
b) Equity investment		2,297,302.40		(3,614)
c) Shares in affiliated/associated companies		0.00		(0)
			15,086,761.20	8,656
4. Income from profit syndicates, profit allocation or partial profit allocation contracts			984,873.58	897
5. Commission income received		20,932,773.39		(21,159)
6. Commission expenditure		1,915,487.12		(1,699)
			19,017,286.27	19,460
7. Net income from financial transactions			208,467.00	381
8. Other operating income			3,336,413.03	3,439
9. Income from release of special items with reserves share			107,890.80	4,281
			140,187,095.13	126,063
10. General administrative costs				
a) Personnel costs				
aa) Wages and salaries	47,679,006.11			(46,474)
ab) Social security deductions and expenditure on pension and support benefits	14,840,493.74			(14,387)
		62,519,499.85		(60,861)
of which: on old-age pensions 4,935,413.45 EUR				(4,847)
b) Other administrative costs		29,475,395.62		(26,323)
			91,994,895.47	87,184
11. Write-downs and allowances for bad debt on intangible assets and fixed assets			6,697,835.31	6,692
12. Other operating expenses			2,639,474.61	4,090
13. Write-downs and allowances for bad debt on loans and certain securities as well as allocations to reserves for lending operations		30,221,116.61		(13,162)
13a. Allocations to fund for general banking risks			33,700,000.00	0
14. Income from allocations to loans and certain securities as well as from the release of reserves for lending operations		0.00	30,221,116.61	(0) 13,162
14a. Withdrawals from fund for general banking risks			0.00	0
15. Write-downs and allowances for bad debt on equity investments, shares in affiliated/associated companies and securities treated like fixed assets		0.00		(0)
16. Income from allocations to equity investments, shares in affiliated/associated companies and securities treated like fixed assets		451,014.67		(299)
			451,014.67	299
17. Expenditure from loss acceptance			0.00	0
18. Allocations to special items with reserves share			0.00	0
19. Result from normal business activities			-24,615,212.20	15,234
20. Extraordinary income		36,875,302.70		(0)
21. Extraordinary expenditure		0.00		(0)
22. Extraordinary result			36,875,302.70	0
23. Tax on income		3,385,013.05		(6,476)
24. Other taxes provided they are not reported under Item 12		205,907.34		(218)
			3,590,920.39	6,694
25. Net earnings			8,669,170.11	8,540
26. Profit/Loss carried forward from previous year			0.00	0
			8,669,170.11	8,540
27. Withdrawals from profit reserves				
a) From contingency reserve		0.00		(0)
b) From other reserves		0.00		(0)
			0.00	0
28. Allocations to profit reserves				
a) To contingency reserve		0.00		(0)
b) To other reserves		0.00		(0)
			0.00	0
29. Net earnings			8,669,170.11	8,540