

# 2012

Our report on the fiscal year

Management report (extract)  
Balance Sheet  
Income statement

The complete annual financial statements of Sparkasse Saarbrücken have been published in the Federal Journal and have been given an unqualified auditor's opinion by the auditors of the Saarland Savings Banks Association.

 Sparkasse  
Saarbrücken

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# Management Report for the Fiscal Year 2012

## 1 Framework conditions

### 1.1 Legal Environment

Sparkasse Saarbrücken is a legal entity organised according to public law and domiciled at Saarbrücken. We engage in all standard banking transactions permitted by the Savings Bank Act of the State of Saarland, the rules issued under this Act and the Articles of Association of the Bank. The Bank's shareholder is Sparkassenzweckverband. As a legally independent business entity, Sparkasse Saarbrücken pursues the aim of strengthening competition primarily in its home territory and providing the private and public sectors with appropriate and adequate lending and banking services in light of market and competition requirements. To this end, we have 62 branches in our home market, the regional association and the state capital, Saarbrücken. In order to provide advisory services at the appropriate levels, we offer our customers three business service centres, two -Asset Management Centres for individual customers and an -Asset Management Centre Private Banking.

Sparkasse Saarbrücken's management bodies comprise the Supervisory Board and the Board of Directors. The Supervisory Board issues instructions to the Management Board and the Credit Committee and monitors the activities of the Management Board. It comprises a total of 19 members. The Credit Committee that the Supervisory Board has elected from among its members as per Art. 13 a par. 1 SSpG (Saarländisches Sparkassengesetz (Saarland Savings Banks Act)) consists of the Chairperson of the Supervisory Board and six members; it decides on granting credit on the basis of business instructions. The Supervisory Board passes resolutions approving the origination of loans extended by the Bank to its own officers, as defined in Article 15 of the German Banking Act. The Board of Directors manages the Bank at its own discretion. It represents the Bank and conducts its business.

As a member of the Savings Bank Support Fund of the Saar Savings Bank Association, our Bank is affiliated with the guaranty system of the German Savings Bank Organisation. This ensures that all savings deposited by our customers are guaranteed in full.

### 1.2 Macro-economic environment

The growth rate of the world economy was lower in 2012. During the past year, the United States were able to achieve growth of over two percent, but it is still only by virtue of their monetary and financial policies.

As per the first estimate of the Federal Statistical Office, Germany was able to finish the real gross domestic product for 2012 with a plus of 0.7%. Nevertheless, that is clearly less than in the strong recovery years of 2010 and 2011 with 4.2% respectively 3.0%. But compared to other countries, the value for 2012 is quite satisfactory.

Exports also fell during the last months of the year. During the first half of the year, it was possible to compensate weak demand from the European partner countries with good sales outside Europe. Overall, exports as a component of the GDP for 2012 rose by 4.1%. Although imports also rose, but at 2.3% they rose clearly not as much, so that once again foreign trade provided a decisive part of the growth.

Domestic demand in Germany shrank in real terms by about 0.3%, but with different partial developments: Private consumption (+0.8% in real terms) and housing carried the growth. Both benefited from good employment levels and rising incomes. For housing, this was helped by the favourable financing conditions and / or pressure on investments, in view of the low interest rates.

Apparently, the volume of corporate investments has not yet been able to benefit from the favourable financing conditions. In 2012, dominant factor for the long-term planning of the corporate sector was the uncertainty about how the crisis would continue to develop: What further pressures would the European crisis countries still have to reckon with? How will domestic capacity utilisation continue to develop? Because of those unanswered questions, many projects have been put on the shelf for the time being.

In spite of some eye-catching bankruptcy cases, on average for the year, Germany booked overall record new employment. With 41.6 million there were never before so many people employed in this country than in 2012. That was 422,000 more than in the previous year. During the course of the year, developments began to move sideways. Although during the last months of the year seasonally adjusted unemployment rose slightly, seen in the long term and with a view to the partially dramatic situation in other European countries, it could still be described as good. The earnings positions and competitiveness of German companies in terms of prices continue generally to be good.

Consumer prices in Germany rose in 2012 by around 2.0%. Although prices for energy and other raw materials continue to be high, lately no peaks have been observed that could have appreciably influenced annual rates. The for the time being, lower pressure on prices from the side of raw materials can be explained by weak demand under currently poor economic conditions in the world. The room for passing on prices is small in view of the weak demand in industrialised countries and the just about normal levels of capacity utilisation in Germany.

In 2012, economic policies were once again dominated by fighting crises in Europe. For the current deficit at overall state level, Germany has achieved a balanced budget, especially because of the surpluses in social security. The country as a whole achieved a small surplus of € 2,200 million or 0.1% of gross domestic product.

### 1.3 Regional environment

In 2012, economic development in Saarland held pace with the whole of Germany. The currently available information tends to suggest somewhat weaker growth of the gross domestic product of 0.7%. Two aspects should be seen as particularly positive: Firstly, in spite of the crisis, exports to important partner countries have continued to rise as a whole and may well have surpassed the record level of 2011. Secondly, the labour market has shown itself to be very stable. The number of employed people with compulsory social security stood in the autumn of 2012 at almost 370,000 at a record level. At year end, the unemployment rate stood at 6.8% (plus 0.5% compared to the same time the previous year). Price development in Saarland stood in 2012 at 2.3%, as already in the previous year slightly above the threshold of 2% and also a little higher than at the federal level. Especially energy prices fuelled inflation.

## 2 Report on economic situation

### 2.1 Business performance

#### 2.1.1 Total footings and volume of business

	As at 31/ 12/ 2012 mn EUR	2012 mn EUR	Changes 2012 %	2011 %
Business volume <sup>1)</sup>	6,403.5	+71.2	+1.1	+1.7
Total footings	6,283.1	+75.5	+1.2	+1.2

1) Total shareholders' equity and liabilities plus contingent liabilities

Compared to the previous year, business volume and total footings were once again higher in the year under review, particularly because of increased lending to customers and an expanded securities portfolio. Claims on financial institutions have been further reduced.

#### 2.1.2 Lending business (including Item 1 of contingent liabilities)

##### Volume of loans to customers

	As at 31/ 12/ 2012 mn EUR	2012 mn EUR	Changes 2012 %	2011 %
Volume of loans to customers	4,259.7	+64.8	+1.5	+12.0
<i>Of which:</i>				
Claims on public sector	1,491.9	+4.7	+0.3	+22.2
Secured with liens on real estate	1,368.5	+43.0	+3.2	+2.0
Claims on financial institutions	456.8	-110.0	-19.4	-19.5
Investments in securities	1,516.4	+97.4	+6.9	-12.3

During fiscal 2012, the Bank has approved new loans to the tune of altogether EUR 783.3 mn to private individuals, to companies and the self-employed and to the public sector. Especially companies and the self-employed benefited from that (+48.1%). Not only commitments, but also loans have once again been increased. Where in the previous year, the municipalities were mostly responsible for growth, during the year under review the focus has shifted to the local economy with its companies and the self-employed. Private individuals have also noticeably increased their balances.

Growth was again clearly higher than the average for savings banks in Saarland.

#### Claims on financial institutions

Claims on financial institutions were further reduced compared to the previous year-end (EUR -110.0 mn resp. -19.4%). The changes concern particularly maturities of promissory notes.

#### Investments in securities

Compared to the previous year, Sparkasse Saarbrücken has increased its A portfolio as at 31/12/2012 by EUR 97.4 mn (=6.9%). These are primarily papers of public issuers. Securities are principally assigned to the liquidity reserve and particularly comprise fixed-income securities of issuers with creditworthiness in good standing. Some of our securities are held in several special-purpose funds. Our goal is to achieve value growth with assets managed by third parties, giving due consideration to risk and return profiles.

#### 2.1.3 Deposit-taking business

	As at 31/ 12/ 2012 mn EUR	2012 mn EUR	Changes 2012 %	2011 %
Deposits from customers	4,128.5	+186.4	+4.7	-2.1
<i>Of which:</i>				
Savings deposits	2,288.6	+69.3	+3.1	-2.3
Non-securitised liabilities	1,787.5	+147.5	+9.0	+1.5
Securitised liabilities	13.9	-30.4	-68.6	-50.2
Subordinated liabilities	38.5	-	-	-25.1
Owed to financial institutions	1,759.9	-116.4	-6.2	+7.3

### *Deposits from customers*

Deposits from customers saw a satisfactory development and stood at the end of the year EUR 186.4 mn (=4.7%) above the value of the previous year. We were also happy to see that payments into savings accounts enjoyed again increased attention of customers (EUR +69.3 mn; +3.1%). Additionally, funds flowed increasingly into sight deposits (EUR +170.3 mn; +22.4%) and fixed deposits (EUR +136.7 mn; +36.4%), partly at the expense of call deposits (EUR -167.6 mn; -52.4%). Generally, the trend toward shorter maturities remained intact.

### *Obligations towards financial institutions*

Obligations towards financial institutions have been reduced by about EUR 130.0 mn (-7.1%). Apart from call deposits, there were again increases in fixed deposits. At balance sheet date, no use has been made of the refinancing facility at the Deutsche Bundesbank, within the framework of its open market activities.

### 2.1.4 Services

Insurance products and products for old-age provision are offered by the Bank in cooperation with  Pro-Finanz GmbH, Immobilien-, Beratungs- und Vermittlungs GmbH, Saarbrücken. The wholly owned subsidiaries of Sparkasse Saarbrücken also advise our customers on all matters relating to real estate.

As expected, demand from our customers for life assurance products – measured by fee earnings – fell back during the year under review (-10.5%). The lowering of highest calculation interest rate as per 01/01/2012 led in the previous year to the bringing forward of taking out policies.

Sales of non-life insurance policies were altogether satisfactory. Generated fees increased by a goodly 6%.

Compared to the previous year, real estate business stabilised in 2012. Revenues from that important business sector remained at the level of 2011.

The building savings business once again benefited from the close cooperation with our partner in the association, LBS. Fees could be increased by more than 32%. The possibility of hedging the interest rate risk through the combination of a savings plan and the financing of a residential property drew the interest of many customers. The demand for advice on the subject of home pensions has also clearly risen.

The still prevailing even if waning uncertainty of investors because of the Euro crisis and violent fluctuations on the share markets and the associated risk aversion of investors led after three years again to falling turnovers in the securities business (-21.1%), whilst turnover on the buyers' side was almost identical to that of sellers. On the other hand, thanks to increases in share prices of around 22%, the portfolio of investment in funds – in spite of persistently negative net placements – could be increased by about 3%. Around EUR 3 mn could be placed in the "Future Portfolio Sustainability", the sustainability fund of our Bank that is offered in cooperation with Bank Sarasin and Universal-Investment-Gesellschaft mbH.

The search by investors for higher yields led in 2012 once again to an increase of the foreign debt portfolio by around 6%. Though, because of the also here clearly fallen yields, the increase was significantly lower than in the previous year (+39.0%).

There was scarcely any demand for our own bearer bonds, because high interest liability products of our Bank were in the limelight. The overall securities portfolio (without own bearer bonds) increased by around EUR 43 mn (+6.6%).

For a large savings bank in a border region, the processing of international payments is an important cornerstone of the package of services, whilst the focus is on other EU countries. The package of services in international business is completed by documentary collections and documentary credits. We can offer our customers suitable derivatives for hedging interest rate risk.

### 2.1.5 Own trading

Our Depot A – essentially a mixture of fixed interest paper, floaters and stocks managed by third parties – makes an important contribution to the profit and loss account of the Bank. Turnovers – purchases, sales and maturities – came to a total of EUR 1,537.4 mn (previous year: EUR 1,049.0 mn). Sparkasse Saarbrücken does not trade for its own account within the meaning of federal banking legislation.

### 2.1.6 Derivatives

Most of the products in the derivatives business are interest rate swaps and interest rate futures, taken out in order to manage interest rate books, based on present values. The nominal value of contracts outstanding at year end was EUR 1.9 bn (previous year: EUR 2.2 bn).

## 2.2 Financial position

	EUR mn 31/12/2012	EUR mn 31/12/2011	as % of business volume	
			31/12/2012	31/12/2011
Volume of loans to customers	4,259.7	4,194.9	66.5	66.2
<i>Of which:</i>				
Loans to public sector	1,491.9	1,487.2	23.3	23.5
Claims on financial institutions	456.8	566.8	7.1	9.0
Investments in securities	1,516.4	1,419.0	23.7	22.4
Fixed assets	73.5	80.2	1.2	1.3
Other assets	97.2	71.4	1.5	1.1
Deposits from customers	4,128.5	3,942.1	64.4	62.3
<i>Of which:</i>				
Savings deposits	2,288.6	2,219.3	35.7	35.0
Obligations towards financial institutions	1,759.9	1,876.3	27.5	29.6
Other liabilities (including contingent liabilities and provisions)	158.5	164.7	2.5	2.6
Shareholders' equity	356.6	349.2	5.6	5.5

As in the previous year, loans to customers exceed deposits from customers. Compared with the association average, Sparkasse Saarbrücken's asset and liability structure is characterised by a smaller share of loans and liabilities to customers.

After planned appropriations on which the Supervisory Board still has to resolve, contingent reserves will amount to EUR 259.9 mn – which reflects an increase of 2.7%. In addition to the contingent reserves, the Bank has significant additional shareholders' equity. The ratio of eligible own funds to the with a factor 12.5 weighted risk amounts as per Art.2, para. 6 Solvency Ordinance (Solvabilitätsverordnung (SolV)) exceeds, at 12.3% (overall number) at 31 December 2012, the legally prescribed value of 8%.

This strong equity basis provides the foundation for further business activities, so that Sparkasse Saarbrücken will be able to achieve its targets.

The on-balance sheet assets, especially investments in securities, contain hidden reserves. We have also taken additional precautions pursuant to Article 340f of the German Commercial Code to avert banking-related risks. The fund formed for general banking risks in accordance with Article 340g of the German Commercial Code is valued at EUR 95 million.

## 2.3 Financial position

Sparkasse Saarbrücken's solvency was guaranteed at all times in the year under review, thanks to the well-planned, balanced liquidity provisions it had set aside. Sparkasse's liquidity position is monitored in the monthly returns filed under German Liquidity Regulation (LiqV). Additionally, Sparkasse Saarbrücken applies a liquidity management concept that shows the liquidity statement for the next 30 days, and the utilisation of existing liquidity based on scenario analyses. It also accounts for available credit facilities from trading partners and available open market facilities.

Partial use was made of the credit and/or liquidity facilities granted by Deutsche Bundesbank and Landesbank Saar. Appropriate balances were always maintained at Deutsche Bundesbank in order to comply with minimum reserve requirements. At year end, the liquidity coefficient as per the liquidity ordinance, which serves as supervisory assessment of the liquidity position, was calculated at a value of 1.38 for maturity Tier I, so that liquidity is seen to be sufficient, as indeed it was throughout 2012.

Similarly, the key figures to be calculated for further periods of observation (maturity bands of up to twelve months) do not give any indication of potential liquidity problems.

Therefore, there are no indications of impairment of the financial position in the future.

## 2.4 Earnings

<b>Representation as per Income Statement:</b>	2012	2011
	EUR mn	EUR mn
Interest surplus (including P&L positions 3, 4 and 17)	130.0	129.6
Net commission income	23.0	22.0
Administrative expenses		
Staff costs	68.1	65.3
Material costs	28.8	27.5
<b>Sub-total</b>	<b>+56.1</b>	<b>+58.8</b>
other operating income/expenses	-9.5	-21.1
<b>Result before provisioning</b>	<b>+46.6</b>	<b>37.7</b>
Net provisioning result	-25.0	+7.6
<b>Result after provisioning</b>	<b>+21.6</b>	<b>+45.3</b>
Taxes	-13.1	-9.8
Allocations to the fund for general banking risks	0.0	-30.0
<b>Net income and unappropriated surplus</b>	<b>8.5</b>	<b>5.5</b>

The interest surplus – traditionally taking central position on our income statement – was virtually unchanged in 2012 (EUR +0.4 mn; +0.3%). The persistently low level of interest rates has had equal impact on interest income as well as expenses. The expenses for the Interest Rates Swaps that have been entered into for the purpose of interest rate risk management have increased a little.

During the year under review, labour costs have increased by EUR 2.8 mn (+4.3%), whilst the average number of staff has risen slightly. Determinant factors were salary increases, special payments as well group advancements. Material costs have also increased during 2012 (EUR +1.3 mn; +4.9%). Savings on IT expenses and advertising were outdone by higher costs for services from third parties, communication and transportation costs as well as land and buildings.

Results from other ordinary revenues and expenses have noticeably improved (EUR +11.6 mn; +55.0%). Reasons were particularly saving on the forward rate agreements that are entered into for the purpose of hedging interest rate risk.

At EUR 46.6 mn, the result before revaluation is about EUR 8.9 mn (+23.6%) higher than the previous year.

Revaluations of our participations and loans portfolio, setting aside new reserves as per Art. 340 f, Commercial Code, as well as rate gains and appreciations in our A portfolio yielded revaluation results of EUR 25.0 mn, so that after revaluation the result was EUR +21.6 mn (previous year EUR +45.3 mn).

After allowing for taxation, amounting to EUR 13.1 mn (previous year EUR 9.8 mn), there is a surplus for the year of EUR 8.5 mn.

With that result for the year and the existing reserves, Sparkasse Saarbrücken considers itself to be well prepared for the stronger capital requirements under Basle III, which come into effect in 2014.

To compare the earnings situation of our Bank, we apply, amongst others, the so-called "operational comparison" of the savings banks organisation for internal purposes. In further analyses, we additionally track the earnings components broken down using the mark-to-market method as well as counterparty and market price risks for which provisions are set aside.

## 2.5 Non-financial performance indicators

### *Staff*

The overall number of staff was reduced slightly in 2012. Taking sabbaticals into account, at year end the Bank employed altogether 1,264 (previous year 1,294) staff, of which 783 full-time, 409 part-time and 72 trainees.

We offer both our female and male staff numerous facilities for combining family and work. There are various part-time models. In addition to the statutory parental leave, employees are able to apply for leave of altogether four years, with a guaranteed right to be re-employed by the Bank. Until now, 172 staff have made use of the possibility to apply for age-related part-time working.

The declared aim of our site safety policy is to protect and, where possible, improve our staff's health and to ensure that they are able to work to the best of their abilities with maximum job satisfaction.

Ongoing further training is in the interest of both the employer and the employee. With this in mind, we offer internal and external (e.g. at Saarländische Sparkassenakademie) vocational education programmes that are oriented on specific aspects of our business and help staff in planning their careers. Given the constant changes in the savings bank business as well as new technological developments, target-oriented training, and vocational education higher qualification levels for employees continued to play a crucial role in staff development activities last year.

Top priority is given to training school-leavers at all sites. 23 trainees, who successfully completed their courses, were offered permanent employment. The ratio of trainees to total number of staff stood at 5.7% in 2012.

### *Customer relations*

We place our customers' interests at the heart of our activities and systematically align our internal benchmarks to their needs, expectations and wishes. For Sparkasse Saarbrücken, economic success over the next few years will hinge decisively on its ability to unlock new potential and to extend existing business opportunities. This involves identifying new customer needs at an early stage and developing the right answers for them.

For this reason, our complaints management plays a central role in ensuring customer satisfaction: By specifically recording and evaluating complaints, we are able to address mistakes, implement general measures for improvement and gain a good idea of customers' basic requirements and expectations. Additionally, the Bank regularly participates in test purchasing research and achieves good results.

### *Social responsibility*

We have always considered social responsibility a corner piece of our corporate culture in all areas where Sparkasse Saarbrücken operates. We support our community's development and appeal of their business environment in the form of donations, sponsoring activities and the payment of dividends to our shareholder. This includes particularly assisting charities as well as cultural and sports activities.

## 2.6 Summary and assessment

Sparkasse Saarbrücken's performance, its financial position and cash flows as well as the development of its earning position can be considered to be satisfactory in the light of general economic conditions as well as the state of the banking sector. Increases in deposits from customers (EUR +186.4 mn) and in loans to customers (EUR + 64.8 mn) are proof of trust of our customers and confirm the business policies of Sparkasse Saarbrücken. Higher net interest income, moderately increased administrative expenditure and noticeable savings on hedging transactions for the money books characterised the results before revaluation. Corrections to revaluations of our loans and participations portfolio as well as setting aside new reserves as per Art. 340 f, Commercial Code, led to the results before taxation. After allowing for taxation, there is a surplus for the year of EUR 8.5 mn, which is in accordance with the planning of the Board of Directors.

## 3 Risk report

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### 3.1 Risk management

The conscious acceptance, active management and specific transformation of risks are core functions of banks. At Sparkasse Saarbrücken, they are defined in a business strategy and a risk strategy that is derived therefrom. Due to the nature of our business activities, we manage counterparty risks, liquidity risks, market price risks (interest and exchange rate risks, securities price risks), risks from participations and operational risks as appropriate.

The measuring and close monitoring of all risks constitute essential preconditions for controlled acceptance of risk as part of our business strategy. We meet these requirements by enhancing our risk management systems on an ongoing basis. In order to achieve our strategic goals of risk- and return-optimised use of our capital, our risk management system must detect risks at an early stage and provide the responsible positions with all the information required to avert them with minimum delay.

The principles underlying the risk management and monitoring system, the types of identified risks as well as the instruments that are used are documented in the risk manual of the Bank. This additionally includes information on responsibilities as well as the cycles for reporting to the Board of Directors and other decision makers. The activities for measuring and monitoring at the level of the Bank as a whole are the responsibility of the Controlling and Risk Management Department, which analyses and quantifies the risks that the Bank is exposed to, monitors adherence to the limits set by the Board of Directors and takes care of risk reporting.

The Board of Directors defines maximum potential risk in light of the Bank's risk capacity. This risk acceptability model comprises both value-oriented and periodic views. It also takes account of the regulatory requirements of banking supervision.

In regular reviews, we determine the risk capital available to Sparkasse Saarbrücken for covering losses. It indicates the extent to which the Bank can accept risk as part of its business and risk strategy. Within the framework of its stress tests, the Bank regularly simulates extraordinary or plausibly possible events and presupposes especially changes in market circumstances with the nature of a crisis. The scenario's for types of significant risk take account of historical as well as hypothetical developments. Additionally, an inverted stress test and a stress test covering all risks are also calculated. For each risk category, it is analysed whether there exist concentration risks.

As part of its monitoring duties, the independently operating internal audit department lends support to the Board of Directors. It works on a risk-oriented audit schedule that has been approved by the Board of Directors and that the internal audit department uses as a basis for examining and evaluating the Bank's activities and processes. This includes auditing the risk management system, risk management and monitoring, internal reporting as well as compliance with internal and external rules and regulations. In this connection, the focus is on processes and methods in the light of the principles of security, propriety as well as economic efficiency and appropriateness. There were no findings of any significance impacting the Bank's financial position, cash flows and earnings in fiscal 2012. In principle, any improvements suggested by Internal Audit are implemented.

The Supervisory Board is informed every quarter about the risk situation of the Bank, within the framework of the overall risk management report. It contains statements on all the types of risk that are described hereafter.

## 3.2 Risk monitoring and management

### 3.2.1 Counterparty risks

Counterparty risk is defined as the risk of partial or full default on the part of business partners in the performance of their contractual obligations towards the Bank.

Our counterparty risk exposure in the customer lending business is managed with particular consideration being given to size class structure, the sectors, the collateral provided and the risk of the commitment. To avoid concentration of risks, the Bank has additionally set strict ceilings on credit limits resp. limits per (related group of) borrower(s). Details are defined in the credit risk strategy.

The Board of Directors attaches great importance to risk limitation in the Bank's customer lending activities. This limitation is reflected in the fact that the Bank's corporate objectives continue to focus on quality, i.e. the risk-sensitive granting of loans. Major risks are accepted with the approval of Sparkasse Saarbrücken's Credit Committee.

The credit rating is of crucial importance for assessing counterparty risks in lending business. To manage credit risk, Sparkasse Saarbrücken uses the rating method developed by the Savings Bank Organisation. For corporate customers, the quantitative assessment involves a system-based analysis of the annual financial statements in connection with a mathematical/statistical rating model. The results are supplemented with an assessment of business performance, the ability to service loans as well as the quality and date of the figures furnished. In addition, qualitative factors such as management, market position, the range of products and services as well as the outlook for the sector are considered. Additional systems that are offered by the Savings Bank Organisation (e.g. EBIL-Plus for analysing individual balance sheets) are used to assess a borrower's creditworthiness. Credit ratings are assessed by experienced credit analysts and corporate customer relationship managers. In the case of private individuals, credit ratings are determined on the basis of their income and assets as well as their ability to repay loans on the basis of those findings. Information that is relevant for assessing creditworthiness is entered into an integrated scoring model.

In addition to the purely economic assessment of a customer's credit rating as such, risk classification in the customer lending business also takes account of the collateral that is available.

Emerging credit risks that are identified using effective early warning systems, are addressed by intensive care measures in the front office. Non-performing loans or those requiring restructuring are managed in a back-office.

The Board of Directors has defined a risk strategy on the basis of risk analysis. It is advised every quarter about the development of counterparty risks and adherence to the strategy and it, in turn, informs the Supervisory Board. The risk report breaks down the portfolio by creditworthiness resp. rating classes, sectors, size classes and risk-exposed volumes. Possible concentrations of risks can be recognised at an early stage that way. Together with the other systems used, this report forms the basis for decision-making processes in the lending business and enables the credit portfolio to be evaluated and managed. Counterparty risk is also quantified through simulation on an NPV basis, where risk concentration is taken into account as well. Those results are used in the risk acceptability calculation. The risk premiums that are calculated on the basis of internal rating and availability of collateral serve the setting of risk-adjusted conditions. For the purpose of diversification of risk, derivative instruments are also only used to a limited extent within the Savings Banks Organisation.

At the moment, there is no evidence of any exceptional risk exposure in our credit portfolio on account of its structure and diversification.

Counterparty risks in the market dealing business are limited thanks to the careful selection and monitoring of our contractual partners based on the rules for determining creditworthiness as well as volume limits per counterparty.

### 3.2.2 Market price risks

Market price risks are defined as potential losses in value and of income as a result of changes in the market prices of securities and foreign exchange, fluctuations in interest rates and prices as well as any resultant changes in the market value of derivatives. Additional market price risks occur in connection with items for which there is only a limited market. Market price risks are managed with the aim of making use of earnings opportunities without placing undue strain on financial resources.

When managing market price risks, differentiation is made between risks from dealing transactions and interest rate risk in the investment portfolio.

#### *Risks from trading business*

Risks from market dealing is monitored and managed periodically as well as through marking to market.

Market price risks arising from trading business are calculated daily in accordance with current market prices and potential changes in market price (loss potential) and added to the defined risk limit. The loss and risk limit system is implemented in the light of Sparkasse Saarbrücken's financial position and earnings. Trading transactions are measured and monitored on the basis of a value-at-risk model. Potential loss for the portfolio as a whole is forecast by applying a Modern Historical Simulation Model, based on a retention period of 10 days and a confidence level of 95%.

For the purpose of testing their effectiveness, risk mitigation measures are included in the calculations of risks from dealing transactions. The system and its validity is tested every year and is being further refined.

In 2012, market price risks and maturity risks remained at all times within the risk limits that have been set by the Board of Directors.

Under normal circumstances, the Board of Directors is informed about the results and limit utilisation on a weekly basis.

#### *Interest rate risk*

Sparkasse Saarbrücken knowingly accepts interest rate risk with the aim of deriving additional income from maturity differentials. The interest rate risk is monitored and managed by maturity period and by marking to market. The regulatory specifications of banking supervision are complied with.

The exposure to interest margin risks is determined periodically with the assistance of simulations in the P&L planning model, with reports submitted to the Board of Directors every quarter.

In addition, interest rate risk as a subset of market price risk is monitored regularly at the level of the overall interest book with the aid of risk analyses in accordance with the present value model. The findings are reported to the Board of Directors on a monthly basis. The interest rate risk is determined by applying a value-at-risk method based on a historic simulation with a retention period of three months, a confidence level of 95% and a historic observation period of 23 years.

The results, performance indicators and limit utilisation are every month reported to the Board of Directors on a revaluation basis.

As part of integrated bank management, derivative financial instruments in the form of interest rate swaps and bond futures, alongside on-balance-sheet instruments, are used to hedge interest rate risks. For the purpose of monitoring their effectiveness, concluded hedge transactions are taken into account in the calculations of interest rate risk.

Exchange rate risks are of only minor importance for Sparkasse Saarbrücken. Open positions are generally covered by matching transactions or forward foreign exchange transactions.

### 3.2.3 Liquidity risk

The risk of not being able to enter into contracts at all or on not to be expected terms in the event of insufficient market liquidity for individual products (liquidity risk) is also addressed by risk management and monitoring. The liquidity risk is averted by ensuring that sufficient liquidity is available and that assets and liabilities are structured responsibly. The liquidity statement is used as a basis for planning and managing Sparkasse Saarbrücken's liquidity. The current liquidity status is analysed by Treasury each day and used to manage daily liquidity. Liquidity is fine-tuned monthly using historical data. Sparkasse Saarbrücken is able to determine both current and future liquidity shortfalls or surpluses by observing the maturity ladders for all interest and repayment flows. Within the framework of measuring and limiting longer-term liquidity, the Bank applies the concept of the German Savings Banks and Giro Association "Survival period".

The Bank also developed a system with pre-defined scenarios and prioritised measures to ensure adequate short-term, medium-term and long-term liquidity, which is issued every month, resp. quarter. If the pressure on free funds exceeds a pre-set threshold, the Board of Directors is informed on an ad hoc basis. There is regular quarterly reporting to the Board of Directors. Sufficient liquidity was available at all times during the reporting period.

Altogether, the Bank has a good liquidity position. A determinant factor is our stock of liquid securities. There, it is also taken into account that part of our securities portfolio is allocated to fixed assets.

### 3.2.4 Operational risks

Sparkasse Saarbrücken defines operational risks as losses occurring as a result of external factors or the inadequacy or failure of internal infrastructure, staff or internal processes.

The rules and processes installed for managing operational risks particularly include the internal control system, written rules governing the Bank's structure and essential processes, the use of qualified staff as well as ongoing further development of methods and improvements to technical processes.

Sparkasse Saarbrücken distinguishes between risks that have occurred – known as losses – and risks that might occur in the future. Losses of EUR 1,000 or more are recorded in a loss database. It uses a risk map approach to identify true operational risks, i.e., risks that may occur in the future.

Operational risks in the IT field or due to organisational or processing errors are minimised by agreements with an external IT centre, precautions for emergency situations, growing automation and on-going supervision carried out by qualified staff, and are covered in part by insurance.

Legal risks are averted by means of careful examination of contractual fundamentals and the use of commonly used standard agreements. Participation risks are addressed by means of periodic supervision and reporting in this area.

To determine the weighted amount for operational risks as per Art. 269 ff Solvency Ordinance, the Bank applies the basic indicator approach.

The Board of Directors and the Supervisory Board receive every quarter a report on operational risks. In serious cases, the Management Board will receive ad hoc reports.

### 3.3 Overall risk assessment

Our Bank has established a risk management, monitoring and control system in accordance with Article 25a of the German Banking Act (KWG) that is appropriate in the light of the nature and scope of its business activities. The risk management and monitoring system enables risks to be identified at an early stage, information forwarded to the responsible decision-makers and risks averted. The risk capacity analyses show that there is sufficient risk capacity in all scenarios.

On the basis of how we see the impact of the new capital requirements under the Basle III capital requirement regulations (CRR), at the current state of planning our risk capacity is also sufficient for the fiscal years 2013 and 2014 in respect of current profitability and the equity/substance situation of the Bank. There are currently no risks recognisable that may pose a threat to the Bank. For risks that can have an essential impact on the financial and income positions and cash flows of the Bank, adequate risk management and controls have been set up.

## 4 Supplementary report

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No events of material importance have occurred since the end of the fiscal year.

## 5 Outlook

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The foremost strategic aim of Sparkasse Saarbrücken is to retain the leadership in our core market. We will only have sufficient financial scope for future business growth if we can ensure reasonable profitability. We are thus seeking to steadily boost profitability on the basis of equity resources that meet statutory requirements. To achieve this goal, we enter into management-by-objectives agreements with managers and staff.

We are committed to operating economically, taking manageable risks and generating funds which we can plough back into our business without losing sight of our public mission. Growth targets for balance-sheet items on the one hand and expense and income goals on the other have been defined to achieve reasonable profits to safeguard Sparkasse Saarbrücken's risk capacity.

Target achievement is monitored on a regular basis by comparing actual to required figures.

The forecast of Bank's performance over the next two years represents our view of the likeliest future outcome, based on the information available to us when we prepared this management report. As forecasts invariably involve uncertainty or may be rendered void by changes in the underlying assumptions, it should be noted that actual events may differ from those projected at this stage if the underlying assumptions fail to eventuate.

### *Expected business performance in 2012 and 2013*

The outlook for the German economy is eminently better than in the European crisis countries. Most forecasts assume a revival of the economy in our country from the spring of 2013 onward.

No major stimuli are to be expected from foreign trade. Rather, because of the stronger growth position in Germany, imports are likely to exceed possible growth in exports, compared to those in major trade partners. That is desirable anyway for reducing tension and, as a country providing support funds, it is very much in the interest of Germany that the partner countries also restore their competitiveness.

In this situation, private consumption may even more than in 2012 provide the impetus for growth. At least, for the employed, the framework conditions for wages, price development and development of fiscal burdens are favourable for that happening.

Measured by the financing requirements of the country as a whole for the national economy, i.e. including social security, Germany might well achieve a more or less balanced budget again in 2013, as it did in 2012. The federal budget by itself continues to show a planned deficit of around 17,000 million euros. In the positive case of fast economic acceleration borne by investment activities, one might ask a little more effort for consolidation in German finance politics, also with a view to the requirements of the ceiling for national debt.

But in 2013, there will not yet be any imminent danger of inflation. For consumer prices, the forecasts for Germany and the Eurozone are with a plus of around two percent mostly at target levels. In the long term, it remains to be seen whether mopping up again of the copiously created central bank liquidity can be done at the right time and whether normal monetary policies can be restored without causing friction.

The strong orientation on exports of the Saarland economy with qualitatively and from a pricing point of view competitive products may, in conjunction with the again growing world economy, well form the basis for a decent 2013. The currently published leading indicators, also from the USA and China, seem to confirm that the forecasts of the IMF for world trade (+4.5 percent) and world production (+3.5 percent) are not unrealistic. The Saarland will benefit from the worldwide recovery, too. Positive expectations are also reasonable for domestic demand. Dissolution of the investment jam in Germany and proper development of

consumer demand is also realistic. The CCI of Saarland currently assumes that the growth rate of real GDP might, in 2013, at one percent again be a little higher than at the federal level. However, the CCI feels that further increasing employment and falling unemployment figures should not be expected before the second half of 2013, at the earliest.

Sparkasse Saarbrücken faces the challenge of responding to dynamic competitive conditions. This includes the continued intensification of competition amongst financial institutions as well as our customers' rising expectations. The Bank already has a broad range of acknowledged financial products, covering a large part of the regional market. Our product strategy is aimed at achieving a reasonable presence in all economically viable market segments. By selectively adapting our product and service portfolio, we have the opportunity of offering a full range of banking services and market them actively. Ultimately, we intend to improve customer satisfaction, foster customer loyalty and attract new, lucrative customers.

Given the positive forecasts for the economy as a whole, we project marginal growth in total footings in 2013 and 2014. This growth is likely to be primarily underpinned by lending to customers as well as deposit-taking from customers.

For our lending business we forecast again a broad basis for the year 2013. In addition to the financing requirements of public treasuries, which are, of course, also increasing characterised by consolidation efforts, we also expect for coming year noticeable demand for replacement and expansion investments in the domestic economy. On the basis of the employment and income situations, we also see favourable preconditions for moderate increases in consumption and corresponding willingness to incur debts. The financing of building, acquisition and renovation of residential properties will continue to have its important place in our lending business.

Deposit-taking will continue to be influenced by the historically low interest rates. Nevertheless, on the basis of an attractive product range, we expect continued stability in taking deposits from customers.

The development of market interest rates and especially the steepness of the interest rate curves have a great impact on the level of the interest surplus. A change in interest levels impacts various areas. Rising interest rates do of course increase our refinancing costs, but they do offer the opportunity of widening margins through interest rate adjustments. A rising interest rate affects customers in different ways. On account of higher basic rates of interest, our deposit products become essentially more attractive to customers, while our lending business tends to suffer from it. We expect that the level of interest rates will remain low in 2013. The possibly slightly flattening yield curve basically continues to provide the opportunity of contributing to profits by exploiting maturity differentials. On the other hand, there is high pressure on margins because further of increasing competition.

For Sparkasse Saarbrücken, bullish development in the securities markets means that rising stock prices could provide opportunities for higher customers' transaction turnovers and custodian account volumes. There will be significant impact from the volatility of the stock markets or of individual stocks; high volatility regularly prompts high trading volumes, while sideways market movements tend to dampen customer interest due to rather lower profit opportunities. Furthermore, a positive market environment makes investments more attractive, increases funds received by our customers and keeps the value of our proprietary portfolios growing at a steady rate.

By implementing systematic cost management, the Bank will attempt to keep the forecast increase in operating expense in check compared to 2012, by applying its cost/benefit strategy.

As staff costs will tend to rise on account of moderate wage and salary settlements, the Bank plans to keep these under control through strict staff management. We are also planning to spend on information technology and products offering potential for the future as a basis for widening our share of the market. The end-to-end integration of media distribution channels such as telephone banking and the Internet, on the one hand, and over-the-counter branch-based distribution, on the other, will help us to serve our customers in line with their requirements and offer them

what they are specifically seeking.

For the moment, our planning and prognostic calculations point at continuation of the results situation. For fiscal 2013, we expect a noticeably better result before revaluation compared to the previous year, especially because of savings on hedge transactions.

Currently, for our customer lending business we are still assuming a provisioning requirement at the level of previous years. And of course, we do not yet foresee solution of the problems in conjunction with the European financing and sovereign debt crisis, in spite of the positive economic outlook. It is, therefore, possible that the general economic situation and consequently the situation of our borrowers can worsen at short or no notice.

We have also prepared for charges in conjunction with the as yet unresolved sovereign debt crisis in Europe.

For fiscal 2013, we expect a business development with a result that will be a profit for the year at the same level as the previous year. As far as we can forecast at this stage, with economic development again improving, we are assuming a steadily improving performance also for 2014, with net profits for the year at a comparable level. As such, the Bank will continue to be able to generate the required core capital by itself and to increase liable equity.

The implementation of Basle III is associated with new liquidity requirements and increased capital requirements. First stress tests have shown that, as far as we know today, the liquidity parameters can be adhered to. We will also satisfy the capital requirements that will keep increasing until 2018.

On the basis of our anticipatory financial projections, we assume that we will remain solvent at all times during the forecast period.

## 6 Our branch offices



### The Board of Directors

**Hans-Werner Sander**  
Chairman

**Uwe Kuntz**  
Deputy Chairman

**Uwe Johmann**  
Board Member

**Frank Saar**  
Board Member

### Commercial register

Saarbrücken, A 8590

Sparkasse Saarbrücken is a member of Sparkassenverband Saar (Saarland Savings Banks Association) and as such is affiliated with Deutscher Sparkassen und Giroverband e.V., Berlin/Bonn. The shareholder is Sparkassenzweckverband Saarbrücken, of which the Saarbrücken Regional Association and the City of Saarbrücken are members.

### The Supervisory Board of Sparkasse Saarbrücken

**Chairperson of the Board of Administrators**

**Charlotte Britz**  
Mayor  
from 01/05/2012

**Peter Gillo**  
Regional Union Director  
until 30/04/2012

Further members:

**Dr Gerhard Bauer, Peter Bauer, Roland Bentz, Karin Bernhard, Thomas Brück, Jörg Ehm, Günther Karcher, Thomas Linnemann-Emden, Rolf Linsler, Manfred Maurer, Klaus Meiser, Norbert Moy, Volker Schmidt, Frank Schuler, Peter Strobel, Jürgen Trenz, Karlheinz Wiesen, Klaus Winter**

**Deputy Chairman of the Board of Administrators**

**Peter Gillo**  
Regional Union Director  
from 01/05/2012

**Charlotte Britz**  
Mayor  
until 30/04/2012

### Address

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**Telephone**  
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**Telex**  
4 421 343 sbrk d

**SWIFT Code**  
SAKS DE55

**Email**  
service@sk-sb.de

**Internet**  
<http://www.spk-sb.de>

## 7 Our A-class correspondent banks

<b>Belgium</b>	ING Belgium SA/NV .....	Brussels .....	BBRU	BE	BB 010
<b>France</b>	Banque Fédérative du Credit Mutuel .....	Strasbourg .....	CMCI	FR	PA
<b>Great Britain</b>	Barclays Bank PLC .....	London .....	BARC	GB	22
<b>Italy</b>	Unione di Banche Italiane SCPA .....	Brescia .....	BLOP	IT	22
<b>Japan</b>	Sumitomo Mitsui Banking Corporation .....	Tokyo .....	SMBC	JP	JT
<b>Switzerland</b>	Bank CIC (Schweiz AG) .....	Basle .....	CIAL	CH	BB
<b>United States</b>	The Bank of New York .....	New York .....	IRVT	US	3N

## 8 Balance sheet as of 31 December 2012

				31/ 12/ 2011		
		EUR	EUR	EUR	000 EUR	
Assets	<b>1 Cash reserve</b>					
	a) Cash and cash items		33,767,858.90		32,592	
	b) Balances held with Deutsche Bundesbank		52,649,271.75		28,143	
				86,417,130.65		60,735
	<b>2 Public-sector bonds and bills of exchange approved for discounting at the Deutsche Bundesbank</b>					
	a) Treasury bills and non-interest bearing treasury notes and similar public-sector bonds		0.00			0
	b) Bills of exchange		0.00			0
				0.00		0
	<b>3 Claims on financial institutions</b>					
	a) Due daily		12,802,442.21			10,658
	b) Other claims		444,004,915.38			556,143
				456,807,357.59		566,801
	<b>4 Claims on customers</b>			4,138,777,593.41		4,069,570
	of which					
	secured by mortgage	EUR	1,368,467,531.79			(1,325,460)
	Local authority lending	EUR	1,491,926,181.42			(1,487,202)
	<b>5 Bonds and other fixed income securities</b>					
	a) Money market securities					
	aa) from public issuers		0.00			0
	of which: eligible as collateral at the Deutsche Bundesbank	EUR	0.00			(0)
ab) From other issuers		0.00			10,002	
of which: eligible as collateral at the Deutsche Bundesbank	EUR	0.00			(10,002)	
			0.00		10,002	
b) Debentures and bonds						
ba) From public issuers		166,189,338.18			52,691	
of which: eligible as collateral at the Deutsche Bundesbank	EUR	166,189,338.18			(39,988)	
bb) From other issuers		880,749,127.69			870,035	
of which: eligible as collateral at the Deutsche Bundesbank	EUR	816,659,810.13			(817,230)	
			1,046,938,465.87		922,726	
c) Own bonds			253,224.94		674	
Nominal amount	EUR	239,000.00			(662)	
			1,047,191,690.81		933,402	
<b>6 Shares and other non-fixed-income securities</b>			469,180,609.24		485,588	
<b>6a) Trade account</b>			0.00		0	
<b>7 Participations</b>			41,062,808.37		47,374	
Of which:						
in financial institutions	EUR	1.00			(0)	
in financial services companies	EUR	2,201,012.92			(2,201)	
<b>8 Shares in affiliated companies</b>			148,000.00		50	
Of which:						
in financial institutions	EUR	0.00			(0)	
in financial services companies	EUR	0.00			(0)	
<b>9 Trustee assets</b>			476,795.25		609	
Of which: Fiduciary credits	EUR	476,795.25			(609)	
<b>10 Compensation claims from public-sector bodies including bonds from their exchange</b>			0.00		0	
<b>11 Intangible assets</b>						
a) Self-created trade property rights and similar rights and values			0.00		0	
b) concessions, trade property rights and similar rights and values, as well as licences for such rights and values, acquired against payment			559,256.00		594	
c) Goodwill			0.00		0	
d) Performed down payments			0.00		0	
			559,256.00		594	
<b>12 Tangible assets</b>			31,687,599.37		32,156	
<b>13 Other assets</b>			9,884,566.60		9,723	
<b>14 Deferred income</b>			860,779.16		1,023	
<b>15 Active deferred taxes</b>			0.00		0	
<b>16 Pro rata balance from off-setting assets</b>			0.00		0	
<b>Total assets</b>			6,283,054,186.45		6,207,625	

Liabilities

	EUR	EUR	EUR	31/ 12/ 2011 000 EUR
<b>1 Obligations towards financial institutions</b>				
a) Due daily		344,827,973.29		317,008
b) With agreed term or notice period		1,345,788,002.65		1,503,678
			1,690,615,975.94	1,820,686
<b>2 Liabilities to customers</b>				
a) Savings deposits				
aa) With agreed period of notice of three months	2,233,049,954.33			2,050,777
ab) With agreed period of notice of more than three months	55,576,000.63			168,559
		2,288,625,954.96		2,219,336
b) Other liabilities				
ba) Due daily	1,222,808,103.01			1,198,525
bb) With agreed term or period of notice	564,655,678.53			441,515
		1,787,463,781.54		1,640,040
			4,076,089,736.50	3,859,376
<b>3 Securitised liabilities</b>				
a) Bonds issued		83,200,756.55		99,862
b) Other securitised liabilities		0.00		0
Of which:				
Money market paper	EUR 0.00			(0)
own acceptances and sole bills of exchange in circulation	EUR 0.00			(0)
			83,200,756.55	99,862
<b>3a) Trade account</b>			0.00	0
<b>4 Trustee liabilities</b>			476,795.25	609
Of which: Fiduciary credits	EUR 476,795.25			(609)
<b>5 Other liabilities</b>			5,065,299.88	5,352
<b>6 Deferred income</b>			2,728,393.44	4,284
<b>6a) Passive deferred taxes</b>			0.00	0
<b>7 Provisions</b>				
a) Provisions for pensions and similar commitments		10,189,949.00		10,179
b) Tax reserves		3,938,444.00		2,051
c) Other reserves		15,622,100.02		17,515
			29,750,493.02	29,745
<b>8 Special tax-allowable reserve</b>			0.00	0
<b>9 Subordinated liabilities</b>			38,479,245.57	38,479
<b>10 Participatory capital</b>			0.00	0
Of which: maturing within two years	EUR 0.00			(0)
<b>11 Fund for general banking risks</b>			95,000,000.00	95,000
Of which: Extraordinary items as per Art. 340e, para. 4, Commercial Code	EUR 0.00			(0)
<b>12 Equity capital</b>				
a) Subscribed capital		0.00		0
b) Capital reserves		0.00		0
c) Revenue reserves				
ca) Contingency reserve	253,129,811.67			248,718
cb) Other reserves	0.00			0
		253,129,811.67		248,718
d) Unappropriated surplus		8,517,678.63		5,515
			261,647,490.30	254,233
<b>Total liabilities</b>			6,283,054,186.45	6,207,625
<b>1 Contingent liabilities</b>				
a) Contingent liabilities from rediscounted bills of exchange		0.00		0
b) Liabilities from sureties and guaranty agreements				
Information about further contingent liabilities that cannot be quantified, may be found in the Appendix.		118,188,280.66		121,533
c) Liability for assets pledged as collateral security for third parties		2,197,600.00		3,160
			120,385,880.66	124,693
<b>2 Other obligations</b>				
a) Commitments deriving from sales with an option to repurchase		0.00		0
b) Placement and underwriting obligations		0.00		0
c) Irrevocable loan commitments		141,008,066.98		107,036
			141,008,066.98	107,036

## 9 Income statement for 2012

01/01 - 31/12/2011

		<u>EUR</u>	<u>EUR</u>	<u>EUR</u>	<u>000 EUR</u>
<b>1 Interest income from</b>					
a) Lending and money market business		177,228,633.10			186,421
Of which: from discounting provisions	EUR 0.00				(0)
b) Fixed-income securities and debt register claims		<u>21,516,487.62</u>			29,568
			198,745,120.72		215,989
<b>2 Interest expenditure</b>			<u>86,026,420.76</u>		107,622
Of which: from discounting provisions	EUR 893,913.50				(1,006)
			112,718,699.96		108,367
<b>3 Current income from</b>					
a) Shares and other non-fixed-interest securities		13,730,534.79			16,483
b) Participations		<u>1,035,368.62</u>			1,172
c) Shares in affiliated companies		0.00			0
			14,765,903.41		17,656
<b>4 Income from profit pools and full or partial profit transfer agreements</b>			3,369,276.14		3,609
<b>5 Commission income</b>		<u>26,400,593.22</u>			25,279
<b>6 Commission expenditure</b>		<u>3,374,604.28</u>			3,263
			23,025,988.94		22,016
<b>7 Net income or net expenditure on the trade account</b>			0.00		0
Of which: Additions to or withdrawals from the fund for general banking risks	EUR 0.00				(0)
<b>8 Other operating income</b>			10,116,646.49		11,024
Of which: from foreign currency conversions	EUR 95,792.17				(117)
<b>9 Income from the release of the special tax-allowable reserve</b>			0.00		0
			163,996,514.94		162,670
<b>10 General administrative costs</b>					
a) Personnel costs					
aa) Wages and salaries		52,625,146.85			50,643
ab) Contributions and expenditure for old-age care and support		<u>15,465,800.16</u>			14,655
of which: for old-age care	EUR 5,509,970.53		68,090,947.01		(4,981)
b) Other administrative expenses			<u>28,772,421.72</u>		65,298
			96,863,368.73		27,466
<b>11 Depreciation and amortisation of intangible assets and properties</b>			5,652,307.86		92,764
<b>12 Other operating costs</b>			13,859,566.90		5,287
Of which: from foreign currency conversions	EUR 0.00				26,922
<b>13 Value adjustments and write-downs on receivables and certain securities as well as allocations to provisions for lending business</b>		19,608,062.06			(0)
<b>14 Income from write-ups of receivables and certain securities as well as release of provisions for lending business</b>		0.00			0
			19,608,062.06		35,471
<b>15 Value adjustments and write-downs on participations, shares in related companies and securities treated as fixed assets</b>		5,377,373.00			35,471
<b>16 Income from write-ups on participations, shares in related companies and securities treated as fixed assets</b>		0.00			0
			5,377,373.00		27,860
<b>17 Loss-absorption expenses</b>			943,836.40		4
<b>18 Allocations to the fund for general banking risks</b>			0.00		30,000
<b>19 Results from ordinary business activities</b>			21,691,999.99		15,304
<b>20 Extraordinary income</b>			0.00		0
Of which: Transition effects as a result of Accounting Law Modernisation Act	EUR 0.00				(0)
<b>21 Extraordinary expenses</b>			0.00		0
Of which: Transition effects as a result of Accounting Law Modernisation Act	EUR 0.00				(0)
<b>22 Extraordinary net income/loss</b>			0.00		0
<b>23 Taxes on income and on earnings</b>		<u>12,991,131.71</u>			9,650
Of which: Changes in deferred taxation as per Art. 274, Commercial Code	EUR 0.00				(0)
<b>24 Other taxes not included in Item 12</b>		<u>183,189.65</u>			140
			13,174,321.36		9,790
<b>25 Surplus for the year</b>			8,517,678.63		5,515
<b>26 Profit/loss carried forward from the previous year</b>			0.00		0
			8,517,678.63		5,515
<b>27 Withdrawals from revenue reserves</b>					
a) From contingency reserve		0.00			0
b) From other reserves		<u>0.00</u>			0
			0.00		0
			8,517,678.63		5,515
<b>28 Allocations to revenue reserves</b>					
a) To contingency reserve		0.00			0
b) To other reserves		<u>0.00</u>			0
			0.00		0
<b>29 Unappropriated surplus</b>			8,517,678.63		5,515

## 10 At a glance

Position	As at	As at	2012 changes	
	31/12/2012 EUR mn	31/12/2011 EUR mn	EUR mn	%
<b>Balance sheet total</b>	<b>6,283.1</b>	<b>6,207.6</b>	<b>75.5</b>	<b>1.2</b>
<b>Business volume *</b>	<b>6,403.5</b>	<b>6,332.3</b>	<b>71.2</b>	<b>1.1</b>
<b>Funds deposited by customers</b>	<b>4,128.5</b>	<b>3,942.1</b>	<b>186.4</b>	<b>4.7</b>
Of which:				
Savings deposits	2,288.6	2,219.3	69.3	3.1
Non-certificated liabilities	1,787.5	1,640.0	147.5	9.0
Securitised liabilities	13.9	44.3	-30.4	-68.6
Subordinated liabilities	38.5	38.5	0.0	0.0
<b>Liabilities to financial institutions</b>	<b>1,759.9</b>	<b>1,876.3</b>	<b>-116.4</b>	<b>-6.2</b>
Of which:				
Subordinated liabilities	0.0	0.0	0.0	0.0
Securitised liabilities	69.3	55.6	13.7	24.6
<b>Other liabilities</b>	<b>158.5</b>	<b>164.7</b>	<b>-6.2</b>	<b>-3.8</b>
(Including contingent liabilities and provisions)				
<b>Equity capital</b>	<b>356.6</b>	<b>349.2</b>	<b>7.4</b>	<b>2.1</b>
(Including fund for general banking risks)				
<b>Volume of loans to customers</b>	<b>4,259.7</b>	<b>4,194.9</b>	<b>64.8</b>	<b>1.5</b>
Of which:				
Claims on customers	4,138.8	4,069.6	69.2	1.7
Trustee assets	0.5	0.6	-0.1	-16.7
Guarantee loans	120.4	124.7	-4.3	-3.5
<b>Claims on financial institutions</b>	<b>456.8</b>	<b>566.8</b>	<b>-110.0</b>	<b>-19.4</b>
<b>Investments in securities</b>	<b>1,516.4</b>	<b>1,419.0</b>	<b>97.4</b>	<b>6.9</b>
<b>Fixed assets</b>	<b>73.5</b>	<b>80.2</b>	<b>-6.7</b>	<b>-8.4</b>
<b>Other assets</b>	<b>97.2</b>	<b>71.4</b>	<b>25.8</b>	<b>36.1</b>
<b>Surplus for the year</b>	<b>8.5</b>	<b>5.5</b>	<b>3.0</b>	<b>54.5</b>

\* Total footings plus contingent liabilities

