Die Sparkasse **Bremen**
Finanzdienstleistung

# FINANCIAL PAGES OF SPARKASSE BREMEN

ANNUAL REPORT 2008

## General Information

Board of Managing Directors

Jürgen Oltmann
Chairman of the Board of Managing Directors (until 31 January 2009)

Dr. Tim Nesemann
Chairman of the Board of Managing Directors (from 1 February 2009)
Deputy Chairman of the Board of Managing Directors (until 31 January 2009)
Klaus Schöniger
Dr. Heiko Staroßom

## Head of International Division

Prof. Dr. iur. Christoph Graf v. Bernstorff,
Executive Vice President

## Membership

Member of Bremen and Hamburg Stock Exchanges, Association of German Independent Savings Banks (organized under civil law), Hanseatic Savings Banks Association, German Savings Banks Association

# DIE SPARKASSE BREMEN AG

## REGIONAL COMMERCIAL AND FOREIGN TRADE BANK

# OUR BANK

Of the 438 savings banks operating in Germany, seven are known as »independent« savings banks. Die Sparkasse Bremen is one of the largest of these independent institutions. Independent savings banks differ from communal savings banks in that they are not subject to German public law. Die Sparkasse Bremen is a bank under civil law. This has various advantages for our bank. First of all, our bank is not subject to any direct government influence. For example, it is not obliged to finance public borrowing. Secondly, our bank's activities are not restricted to the Bremen area. Die Sparkasse Bremen was established by citizens of Bremen in 1825.

»Die Sparkasse Bremen-Gruppe« took on a new structure with the spinning off of banking operations to Die Sparkasse Bremen AG with retroactive economic effect as of 1 January 2004. The economic association, for over 179 years as Die Sparkasse in Bremen a trusted Sparkasse business institution, remains intact and is today doing business as Finanzholding der Sparkasse in Bremen. It holds all shares in the new Die Sparkasse Bremen AG.

Though our bank was named »Sparkasse« (savings bank) and this name has been retained ever since, this banking institution is authorized to provide a complete range of banking and related financial services. It is therefore correct to describe Die Sparkasse Bremen as a privately organized universal bank. This means that our bank is a commercial and savings bank offering all kinds of banking transactions (including commercial banking business) in the city and area of Bremen and all over Germany.

All of our bank's liabilities are covered by the reserve funds, which are held in accordance with section 10 of the German Banking Act. Having been established by Bremen citizens 183 years ago, our bank is today the oldest financial institu tion in the Bremen market. Uniquely, it is managed by people, which enables it to cope with any specific Bremen issues which may arise. This is also the reason why we are the bank accounting for about two thirds of the domestic market and a large part of the international banking market in Bremen.

Our bank continues to provide financial assistance not only to its personal and corporate customers but also to many charitable, sporting, cultural and educational organizations, with the aim of helping as many people and organizations as possible in the northern part of Germany.

Through its activities, Die Sparkasse Bremen thus performs a major financing role in the City of Bremen. This special place in the Bremen community has been acquired and maintained only through a proven capacity to respond quickly, decisively and creatively to the constantly changing needs of Bremen's entrepreneurs and individuals. This, coupled with an impressive range of services (provided through a dense network of more than 60 branch offices all over Bremen), has enabled our bank to have the highest rate of market penetration of all the financial institutions operating in Bremen. Our bank enjoys a high standing in the international markets and a reputation that has opened many doors to the bank's customers, allowing them to profit from trading and financing arrangements that would otherwise be unattainable.

A focal point of our bank's international success of has been the satisfaction of our customers' specific requirements. Our correspondent banks have played an integral part in our international activities. These are located in most countries of the world, and Die Sparkasse Bremen attaches great importance to the relationships which have been established with these institutions over many years. Bremen, as a seaport, is closely involved in importing and exporting. Our bank therefore supplies all kinds of international banking activities, including international trade financing, document collections, international payment services and foreign exchange dealing.

# CITY OF BREMEN

The Free Hanseatic City of Bremen, located on the lower reaches of the River Weser, is an autonomous State of the Federal Republic of Germany, and the country's second largest seaport. Bremen's significance as a major port and trading centre stretches back to the Middle Ages. It was one of the principal cities of the Hanseatic League, and retained its special importance in later centuries. For instance, it was in Bremen that the United States opened its first consulate in Europe. To this day the trading houses in Bremen, rooted in tradition and yet forward-looking as they are, cultivate business contacts with all the major countries engaged in international trade.

Bremen's international outlook is also attested by the representative offices it maintains in Tokyo, Seoul, Taipeh, Manila, Jakarta, Kuala Lumpur, and Singapore, its twinning with the town of Dalian in the People's Republic of China.

At the same time, Bremen is a major industrial centre. Numerous world-famous firms in the aerospace and motor industries, iron and steel production, electrical engineering, shipbuilding, and the food, drink and tobacco industry have their registered offices in Bremen. Universities and research institutes operating in a wide variety of scientific disciplines cooperate with local business enterprises. What is more, Bremen has a comparatively low cost level, a well-developed transport infrastructure and a plentiful supply of well-trained and highly motivated labour. This makes Bremen an attractive location for setting up new enterprises of all kinds.Through its activities, Die Sparkasse Bremen thus performs a major financing role in the City of Bremen. This special place in the Bremen community has been acquired and maintained only through a proven capacity to respond quickly, decisively and creatively to the constantly changing needs of Bremen's entrepreneurs and individuals. This, coupled with an impressive range of services (provided through a dense network of more than 60 branch offices all over Bremen), has enabled our bank to have the highest rate of market penetration of all the financial institutions operating in Bremen. Our bank enjoys a high standing in the international markets and a reputation that has opened many doors to the bank's customers, allowing them to profit from trading and financing arrangements that would otherwise be unattainable.

# DIE SPARKASSE BREMEN AG

ANNUAL REPORT 2008

## GENERAL ENVIRONMENT
### FINANCIAL MARKET AND ECONOMIC CRISIS NEGATIVE FOR BUSINESS

Although it had got off to a good start to 2008, the German economy, like others, found itself increasingly pulled into the global financial market and economic crisis essentially triggered by the US mortgage crisis. Economic growth cooled down considerably during the course of the year – from 2.5 % in 2007 through the 2 % anticipated for 2008 down to just 1.3 %, according to estimations. The good development on the German labour market, with unemployment at its lowest in 16 years, was brought to a halt in the autumn of 2008.
2008 had bright sides and dark sides for the economy in Bremen as well. Early in the year companies benefitted from a positive order situation and stable foreign business, with sustained increases in the volume of goods handled in Bremen ports; however, it soon began to suffer under a considerably weakened global economy in consequence of the financial market and economic crisis, a development that hit automobile and container handling particularly hard. At the same time, developments on the labour market in Bremen, initially still amicable, saw signs of a turnaround in the trend intensifying towards the end of the year.
Expectations for the economy in 2009 have been clearly depressed. Forecasts for economic development are regularly adjusted downwards by economic experts. These forecasts are full of uncertainty and show large fluctuation margins against the background of the duration and scope of economic weakness. Current estimations are in the range of a 2 % to 4 % decline. It does, however, appear to be certain that Germany is heading towards the sixth year of recession since it was founded in 1949 and that the outlook is not likely to improve until mid-2009 at the earliest.

### SAVINGS BANKS – STABILISING FACTOR IN THE FINANCIAL MARKET AND ECONOMIC CRISIS

In the German financial system, savings banks constitute a supporting pillar in the three-tier model which has come under a great deal of discussion and which has at times been criticised by rival institutes – a pillar which has proved itself to be a stabilising factor in the financial market and economic crisis with its decentralised structure and its regional ties. This was confirmed in 2008 by the council of experts for the appraisal of general economic development in its report »The German Financial System, Enhance Efficiency – Enhance Stability«. With their decentralised organisation and their business model focussing on private customers, middle-market customers and the self-employed and with their classical strength in deposit business, savings banks, large banks and private banks are not dependent on innovative financial market products which are now hardly transparent. Like die Sparkasse Bremen, they guarantee a credit supply for their private and corporate costumers mainly on the basis of positive deposit business so that they also enjoy a great deal of trust among their customers. This makes them far less susceptible to the crisis of confidence triggered by the financial market and economic crisis which almost brought money trading among financial institutes to a standstill.

### NRS NORDDEUTSCHE RETAIL-SERVICE AG – ANOTHER VERY PROMISING BUSINESS SEGMENT

NRS Norddeutsche Retail-Service AG is a clear example of the success of our outsourcing activities, under which we have been transferring back office and service tasks, such as payment transactions, credit processing, operation of our IT infrastructure and our system of facility management – to our subsidiaries, participating interests and external companies for years now. This pooling of resources creates the space we need to continue to focus consistently on our customers. The successful enterprise, still a young one, whose range of services in the areas of finances and controlling and credit services as well as market services and payment transactions is now being used by 39 savings banks and together with its subsidiaries, now has around 1,300 employees working at locations in Bremen, Hamburg, Neumünster and Lübeck. With its service portfolio comprising migration consulting and support services, parameterisation, process consulting and optimising, process management and the industrial standardisation of business processes, NRS Norddeutsche Retail-Service AG and its new subsidiary NRS Consulting GmbH – in addition to Kredit-Service-Center GmbH and ZVS Zahlungsverkehrs- und Transaktionsservicegesellschaft GmbH – recently opened up another very promising business segment.

## INTERNAL PROJECTS – INVESTMENT IN A FUTURE

Our internal projects also constitute an investment in the future, beyond the scope of our sales and outsourcing activities.

Among other things, this also applies for the decision we took in 2007 to transfer our IT applications to Finanz Informatik GmbH & Co. KG, which was previously Sparkassen Informatik GmbH & Co. KG and was merged retrospectively as at 1 January 2008. The challenging time schedule up to the designated date for transfer was exactly maintained and the ambitious aim was achieved thanks to the efforts of a large number of our employees involved in the project and to the support of the new IT service company. At the beginning of October 2008 our IT applications were transferred to the systems of Finanz Informatik GmbH & Co. KG with virtually no hitches.

The amendment to the German Mortgage Bond Act in line with the abolition of the mortgage bond privilege prompted us to launch our mortgage bond project. We intend to achieve a mortgage bond qualification for die Sparkasse Bremen in 2009 in order to be able to reduce our refinancing costs permanently by issuing mortgage bonds.

Furthermore, in addition to cost reductions, our internal projects serve to further enhance the quality of our services and to comply with rising regulatory and legislative requirements.

## DEVELOPMENT OF BUSINESS

### BALANCE SHEET TOTAL SLIGHTLY DOWN

Die Sparkasse Bremen once again held its own in a difficult environment in 2008 and looks back on a satisfactory accounting period, despite the financial market and economic crisis. The balance sheet total decreased by 4.1 %, to € 10.8 billion.

On the asset side we reduced our loans and advances to banks, while loans and advances to customers rose.

The financial market and economic crisis triggered last year by mortgage business conducted in America also strongly impacted developments on money markets and capital markets in 2008, although we were only indirectly affected. We nevertheless continued to reduce our portfolio of securities considerably by selling special fund investments.

On the equity and liabilities side, customer deposits were shown to be decreasing. We also once again reduced our liabilities to banks.

## LENDING BUSINESS

**DEVELOPMENT OF LENDING BUSINESS (IN € MILLIONS)**

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Loans and advances to customers** | 8,077.4 | 7,770.1 | 7,723.3 | 7,829.3 | 7,881.7 |
| of which: | | | | | |
| **Bills of exchange** | 0.0 | 0.0 | 0.0 | 20.7 | 46.4 |
| **Short, medium and long-term receivables from customers** | 7,578.9 | 7,317.0 | 7,335.4 | 7,419.0 | 7,378.1 |
| of which: | | | | | |
| Promissory notes acquired | 229.5 | 151.7 | 262.8 | 262.4 | 257.2 |
| **Loans on a trust basis** | 18.4 | 18.8 | 18.6 | 19.2 | 19.7 |
| **Guarantees and endorsement liabilities** | 480.1 | 434.3 | 373.3 | 370.4 | 437.5 |
| **Loans and advances to banks** | 1,648.7 | 1,955.5 | 1,127.2 | 998.5 | 939.8 |

Aggregated receivables from customers (including promissory notes acquired, transitory credits, guarantees and endorsement liabilities) amounted to € 8.1 billion on 31 December 2008.

| DEVELOPMENT OF LENDING BUSINESS WITH CORPORATE AND PRIVATE CUSTOMERS (IN € MILLIONS) | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Corporate customers *** | **4,838.7** | **4,634.2** | **4,477.9** | **4,447.5** | **4,364.0** |
| **Private customers*)** | **2,631.1** | **2,699.7** | **2,773.7** | **2,918.7** | **2,978.9** |

* On the basis of regulatory reported data

Lending business with corporate customers increased by 4.4 % to € 4.8 billion. This increase was once again due to a positive development in investment loans.

Loans to private customers decreased by 2.5 % to € 2.6 billion. As in previous years, this decline is equivalent to the general development of the sector.

Loans and advances to banks fell by 15.7 % to € 1.6 billion. Against the background of the financial market and economic crisis, savings deposits due payable at banks were not prolonged; instead they were mainly used for repaying liabilities to banks.

## INVESTMENT BUSINESS

| DEVELOPMENT OF INVESTMENT BUSINESS (IN € MILLIONS) | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Liabilities to customers and securitised liabilities** | **7,173.5** | **7,335.9** | **6,965.4** | **6,736.0** | **6,482.8** |
| of which: | | | | | |
| Deposits on savings accounts | 3,314.9 | 3,674.2 | 3,798.4 | 3,824.8 | 3,644.8 |
| Savings bank certificates | 0.0 | 0.0 | 11.1 | 20.7 | 30.1 |
| Debt securities | 475.3 | 441.6 | 436.9 | 509.7 | 649.4 |
| Deposits due on demand | 2,095.3 | 2,168.2 | 1,844.6 | 1,645.8 | 1,509.3 |
| Time deposits | 1,288.0 | 1,051.9 | 874.4 | 735.0 | 649.2 |
| **Liabilities to banks** | **2,599.2** | **2,924.4** | **3,004.9** | **3,160.1** | **3,000.3** |

The amount of liabilities to customers and securitised liabilities was reduced during the course of the year, by 2.2 % to € 7.2 billion. We increased the volume of business conducted with our own issues as well as the acceptance of time deposits over those of the previous year. On the other hand, the portfolio of savings deposits and deposits due on demand decreased. In addition to the fixed-interest products we offered with regard to the introduction of the flat withholding tax in Germany, the redirections are likely to be a consequence of the initial rise in interest rates until the onset of the dramatic development of the financial market and economic crisis.

Liabilities to banks were considerably reduced in the reporting period, by 11.1 % to € 2.6 billion.

## BUSINESS WITH SERVICES

As in the previous year, commission income once again shows that we were able to convince our customers that we remain a competent provider of services. Despite the turbulence on money markets and capital markets – and the related negative effects on business with securities – we achieved income to the amount of € 59.8 million, an excellent result which even exceeds the record result of the previous year.

**DEVELOPMENT OF SERVICES BUSINESS WITH SECURITIES (IN € MILLIONS)**

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Shares and unit trusts | 984.8 | 922.4 | 677.2 | 463.2 | 454.8 |
| Fixed-interest securities | 307.8 | 204.2 | 146.0 | 198.9 | 181.0 |
| Own security issues | 182.0 | 162.4 | 208.5 | 206.8 | 226.9 |

Despite the financial market and economic crisis we reported a strong 50.7 % rise in turnover in the area of fixed-interest securities and an increase of 6.8 % in shares and investment certificates. We were also able to counter the declining trend of the previous year in sales of our own issues and report a rise in turnover of 12.1 %.

## OWN-ACCOUNT INVESTMENTS IN SECURITIES

Investments in debt securities and other fixed-interest securities remained virtually unchanged against those of the previous year.

The development of shares and other variable-yield securities was affected by the financial market and economic crisis, which reached fever pitch in the weeks following the insolvency of Lehman Brothers in September 2008.

Die Sparkasse Bremen was not able to completely escape this development with its capital market investments, but the various risk-mitigating measures commenced in 2007 helped to avoid any major losses.

The majority of these measures were implemented by sales or in individual cases with the use of derivatives within the scope of controlling the interest-rate book.

Additional liquidity notably continued to improve the already comfortable liquidity position of our bank in autumn, so that liquidity is more than sufficient for the years to come.

Given the secured repayment at maturity, we measured some of our own-account investments in accordance with the lower of cost or market method.

In general, the control of the interest-rate book, taking into account the financial market and economic crisis and the development of the yield curve on European markets, was so successful that interest income was improved slightly over that of the previous year.

## PARTICIPATING INTERESTS AND SHARES IN AFFILIATED COMPANIES

Our participating interests and shares in affiliated companies were raised slightly to € 226.4 million, with development differing in each case. Increases and decreases were on approximately the same level.

In addition to the founding of s mobile finanzberatung Gesellschaft der Sparkasse Bremen mbH, increases resulted mainly from increases in our participating interests in nordwest finanzvermögensberatung Gesellschaft der Sparkasse in Bremen mbH, Heptagon Capital Beteiligungsgesellschaft der Freien Sparkassen mbH & Co. KG and its general partner limited liability company HanseProjekt GmbH and center.tv – Heimatfernsehen für Bremen und Bremerhaven GmbH. In addition, capital was called in for Odewald & Compagnie GmbH & Co. Dritte Beteiligungsgesellschaft für Vermögensanlagen KG and for four private equity umbrella funds.

Reductions resulted from a repayment of capital reserves of nwb nordwest Beteiligungsgesellschaft der Sparkasse Bremen mbH, a reduction in the capital of Hasdrubal Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Telematikzentrum Bremen KG in a property sale, a change in valuation for S Broker AG & Co. KG, the disposal of the investment in FPE Faulen-Quartier Projekt- und Entwicklungsgesellschaft mbH & Co. KG and its general partner limited liability company, the partial disposal of our investment in Freie Internationale Sparkasse S.A. within the framework of a participation model for their managers and executive staff members, the disposal of our investment in TSC EVENTIM Ticket- & Touristik-Service-Center GmbH and the capital repayments of Odewald & Compagnie GmbH & Co. Kommanditgesellschaft für Vermögensanlagen to companies in the portfolio within the scope of scheduled exits.

Changes in participating interests were undertaken in terms of strategic and earnings aspects in compliance with our investment strategy. We have concluded profit surrender agreements with most of our subsidiaries.

## INVESTMENTS IN FIXED ASSETS

Investments in our future projects are notably reflected in material expenses. The increase over those of the previous year is mainly the result of the transfer of significant IT applications to Finanz Informatik GmbH & Co. KG, conducted in 2008 and concluded according to plan. The increasing cost-reductions from cooperation with our service providers had the opposite effect. Initial cost reductions due to the transfer of IT applications already took effect in 2009. Scheduled process improvements will also lead to other cost-cutting effects in years to come.

## HUMAN RESOURCES AND SOCIAL ISSUES

On 31.12.2008 die Sparkasse Bremen had 1,605 employees (0.8 % more than in the previous year), which is equivalent to 1,331 employees extrapolated on a full-time basis. The number of part-time employees and temporary employees is 482. The number of apprentices, at 95, was once again raised over that of the previous year (88).

In 2008 new or foreseeable legal regulations again made considerable demands on our employees, both in terms of consulting services for our customers and in the area of administration. Our offer of professional training and advanced professional training measures in the form of internal company seminars and external seminars ensures that our employees meet these expectations. This is reflected in the high level of training: more than 27 % of our employees are qualified bankers, around 46 % also have additional qualifications as specialised savings bank clerks / bank officers, graduated savings bank business managers or bank business managers; another 9.1 % have successfully attended a university of applied science or a full university.

Our remuneration system is aligned to the collective agreement for private and public-sector banks and is made up of fixed and variable income components.

After receiving the »workandfamily« certification as a family-conscious enterprise subsequent to an audit conducted by the German Hertie Foundation in 2007, we maintained our efforts to further improve reconciliation between work and family life in 2008.

## ASSETS

| DEVELOPMENT OF SELECTED BALANCE SHEET ITEMS (IN € MILLIONS) | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Loans and advances to banks** | 1,648.7 | 1,955.5 | 1,127.2 | 998.5 | 939.8 |
| **Loans and advances to customers** | 7,578.9 | 7,317.0 | 7,335.4 | 7,419.0 | 7,378.1 |
| **Securities** | 1,081.4 | 1,343.0 | 1,862.6 | 1,871.3 | 1,378.0 |
| **Liabilities to banks** | 2,599.2 | 2,924.4 | 3,004.9 | 3,160.1 | 3,000.3 |
| **Liabilities to customers** | 6,698.2 | 6,894.3 | 6,528.4 | 6,226.3 | 5,833.3 |

Our asset position was notably affected by the direct effects of the financial market and economic crisis.

In detail, loans and advances to banks fell by € 306.8 million, or 15.7 %, below those of previous year, which meant that the proportion of loans and advances to banks in the balance sheet total dropped from 17.3 % to 15.2 %. Loans and advances to customers rose by € 261.9 million, or 3.6 %, against those of the previous year and account for 70.1 % of the balance sheet total. Investments in securities have once again declined, by a total of just less than € 261.6 million, or 19.5 %. This was primarily due to a reduction in risk items in special funds, which was commenced in the previous year within the system of risk-focused management of our portfolio and was continued in the reporting period. The share of securities in the balance sheet total hence dropped once again, from 11.9 % to 10 %. Available liquidity was used to repay liabilities to banks. The item was reduced by € 325.2 million, or 11.1 %. Liabilities to customers also showed a downward development and the figure for the previous year was reduced by € 196.1 million, or 2.8 %. The proportion of liabilities to customers in the balance sheet total rose marginally against that of the previous year, from 61.1 % to 61.9 % as a result of the strong decline in the balance sheet total.

Die Sparkasse Bremen equity capital amounts to € 786.0 million as at 31 December 2008. The resulting ratio between equity capital and weighted risk assets remains stable at 10.9 % and forms an adequate basis for the continued development of business.

Direct-investment securities in fixed assets and – for the first time – our investment in special funds in fixed assets were partly valued at the lower of cost or market.

## FINANCES

A significant indicator of short-term liquidity is Principle II, which represents material liquidity. The average liquidity ratio clearly A significant indicator of short-term liquidity is the liquidity ratio in accordance with the German Liquidity Regulation, which shows material liquidity. The average liquidity ratio clearly exceeded that of the legally required minimum standard.

Our annual average standing credit balance at Deutsche Bundesbank for the purpose of complying with minimum reserve regulations was € 123.2 million.

The aggregated amount of cash reserves, loans and advances to banks and debt securities and other fixed-interest securities was € 2.5 billion on the balance sheet reporting date. These resources and our liquidity management system will also ensure our liquidity in future.

## EARNINGS

| DEVELOPMENT OF SELECTED BALANCE-SHEET ITEMS (IN € MILLIONS) | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Net interest income** [1] | 212.4 | 208.3 | 221.0 | 239.2 | 241.3 |
| **Net commission income** | 59.8 | 59.1 | 55.8 | 55.8 | 55.5 |
| **Net income from financial and investment banking transactions** | -2.1 | 3.6 | 1.3 | 2.2 | 1.0 |
| Staff expenses | 124.3 | 106.4 | 119.3 | 113.8 | 116.0 |
| Materials expenses [2] | 112.9 | 105.7 | 95.1 | 79.0 | 82.8 |
| **Administrative expenses** [2] | 237.2 | 212.1 | 214.4 | 192.8 | 198.8 |
| **Result of evaluation** | -48.6 | -65.3 | -66.1 | -92.0 | -100.0 |
| **Earnings-related taxes** | -1.9 | 0.3 | -1.2 | 6.8 | -10.0 |
| **Net income for the year** | 2.2 | 10.5 | 15.1 | 13.7 | 18.2 |
| **Dividend payout** | 0.0 | 0.4 | 0.5 | 1.1 | 0.9 |
| **Allocation to reserves** | 2.2 | 10.1 | 14.6 | 12.6 | 17.3 |

[1] Including current income from profit pooling, profit transfer and partial profit transfer agreements
[2] Including depreciation

Since the previous year, earnings have been shown on the basis of commercial figures. We continue to take account of the economic approach for our interim planning and monitoring activities. Both approaches are at all times mutually compliant. While the economic approach to the system employed by the German savings bank and giro association complies with the inter-company comparison and the exchange of know-how of the major savings banks, the method of commercial reporting we apply also enables us to conduct comparisons with private-sector banks.

The development of earnings in 2008 was significantly affected by the unforeseeable impact of the global financial market and economic crisis. We were able to report a declining but nevertheless positive profit for the year, despite the negative economic environment.

We raised net interest income over that of the previous year by 2 % or € 4.1 million, to € 212.4 million. While interest income rose by € 37.5 million to € 589.8 million, we also reported a rise in interest expenses (including the balanced net interest income resulting from derivatives) of € 33.6 million to € 377.4 million. This result is satisfactory, in particular against the background of the global financial market and economic crisis, with the dramatic development becoming more aggravated again during the period after mid-year, to result in a marked drop in interest rates on money markets and capital markets. As in the previous year, net interest income includes earnings from a reduction in interest rate swaps. This income mostly comes from swaps which served to regulate the interest rate book.

As in the previous year, commission income once again shows that we were able to convince our customers that we remain a competent provider of services. Despite the turbulence on money markets and capital markets, we achieved income to the amount of € 59.8 million, an excellent result which even exceeds the record result of the previous year. This sustained good development is maintained by the positive effects of our projects relating to a sales campaign which entered the earnings phase in 2008.

The negative development of net income from financial and investment banking transactions is closely related to developments on money markets and capital markets in 2008.

Staff expenses were raised over those of the previous year by 16.8 % or € 17.9 million, to € 124.3 million. This was mainly due to expected rises in costs in the current system of wage and salary increases as well as pension payments in anticipation of pending collective bargaining agreements for private and public-sector banks.

Materials expenses increased over those of the previous year by 6.8 % or € 7.2 million, to € 112.9 million. This is primarily the result of the impact of a non-recurring effect relating to the outsourcing of IT applications to Finanz Informatik GmbH & Co. KG, carried out in the reporting period and completed according to plan.

In the year under report the cost-income ratio was 82.7 % (previous year 73.8 %).

The considerable negative effects of the financial market and economic crisis became particularly apparent in the result of evaluation. Here the lending and security segments reported a negative development which was absorbed with valuation measures. Effects on money markets and capital markets in the wake of financial market turbulences prompted us to continue with the reduction of risk items in special fund portfolios, which we had commenced in the previous year and also continued in the reporting period.

Return on equity before taxes derived from this development amounted to 0.1 % (previous year 2.1 %).

The tax item contains a tax refund on profit-related taxes to the amount of € 1.9 million.

The profit for the year dropped € 8.3 million below that of the previous year, to € 2.2 million. This profit is to be allocated to revenue reserves in order to further reinforce capital.

## SUPPLEMENTARY REPORT

There were no occurrences of any special significance that needed to be reported on subsequent to closure of the 2008 accounting period.

## RISK REPORT

The success of banking operations is to a great extent contingent on risks taken. Consciously taking risks hence has a direct effect on the measure of success achieved and is essential for generating an adequate yield.

Risks are always taken and controlled on observation of two aspects of risk strategy. The first aspect is that there must be sufficient legal capital available; secondly, an adequate yield must be expected.

Given the current general economic framework, active risk and portfolio management in lending business is a central element in ensuring success and the continued existence of a company.

### OVERALL BANK MANAGEMENT

Die Sparkasse Bremen has an institutionalised procedure in place, in which all of the significant organisational units of die Sparkasse Bremen are int egrated for the purpose of strategic and operative planning. Responsibility for the coordination of all of the planning activities lies with the Corporate Development Unit. Strategic planning is reviewed every year and is presented to the Board of Managing Directors for approval. Monthly target/ actual comparisons in the Overall Bank Management Committee ensure that deviations in operative planning are identified in good time so that any necessary counter-control measures can be initiated.

The Overall Bank Management Committee also conducts preparatory work for decisions to be taken on fundamental Issues such as strategy, risk guarantee funds and loss and risk limits. Conclusions drawn by the Treasury Committee and the Credit Risk Control Committee, which also include the respective responsible members of the Board of Managing Directors, form the basis for the Overall Bank Control Committee, which includes the Chairman of the Board of Managing Directors as a member.

The integrated risk management system regulates the structural and procedural framework for controlling and monitoring risks. It constitutes a significant component of overall bank management, which also includes the outsourced divisions. The regulation of the units and functions outsourced to NRS Norddeutsche Retail-Service AG is carried out on the basis of a detailed performance management system within the Controlling and Group Accounting / Tax departments.

At die Sparkasse Bremen, risk processes are the responsibility of the Controlling Department and the Credit Management Unit. They are responsible for the methods relating to all of the issues relevant to risk and for monitoring risks, with the development of methods and drawing up of reports being carried out by the risk control department at NRS Norddeutsche Retail-Service AG upon agreement with and on the instructions of die Sparkasse Bremen.

The fundamental aim of our risk management system is to be able to secure the permanent financial viability of risks taken. The concept for regularly monitoring the guarantee fund and risk exposures ensures that the risk-bearing capacity of the bank is guaranteed at all times on the basis of an economic and an income statement-related control cycle. Business aspects are focussed on here and external risk-bearing capacity requirements are taken into account as an additional condition. The limit system is aligned towards the economical potential to cover risk. To this purpose the overall risk determined across all the types of risk is regularly compared with available value-based reported capital on consideration of withdrawable silent reserves.

In its endeavour to achieve an optimal control system for profitability, risk and liquidity, die Sparkasse Bremen permanently develops and improves its instruments relevant to control.

## SUMMARISED PRESENTATION OF THE RISK SITUATION

An effective risk management and controlling system is employed for any risks which may significantly influence the assets, financial or earnings position of the bank. In view of current money market and capital market developments, supplementary analyses were carried out in the form of individual analyses of selected exposures, portfolios and items. Risks relating to the future development of the bank which could put the portfolio at risk are monitored with a comprehensive early warning system and supervised with regular stress test analyses. Risks were not discernible, even after the risk Inventory had been conducted. The risk-bearing capacity is sufficient and was in place at all times during 2008.

The financial market and economic crisis which had its beginnings in the USA in 2007 also lead to long-term distortions on German and European money markets and capital markets in 2008. In the end, these developments had a negative effect on die Sparkasse Bremen results, although we do not have any investments in US subprime securities.

We have taken account of this exceptional situation by operating a cautious risk strategy in interbank trading and on capital markets, for example by reducing items in the portfolio of special funds. We also believe that we are well-equipped with our current risk instruments due to our stable liquidity situation and the given risk-bearing capacity.

As per 31 December 2008 the ratio between recognised equity capital and the aggregated amount for counterparty, market price and operational risks, at an overall ratio of 10.9 %, clearly exceeded the minimum of 8 % stipulated by the bank supervisory authorities.

| Solvency coefficient (old = Principle I) | 31.12.2008 | 31.12.2007 | 31.12.2006 |
|---|---|---|---|
| **Overall ratio** | 10.9 % | 10.9 % | 10.4 % |

The following presents more information on the risk management and controlling systems as well as on the risk situation of individual types of risk.

## COUNTERPARTY DEFAULT RISK

We understand counterparty default risk to be the risk of a decline in the value of a loan or a financial instrument if a business partner defaults or if the credit rating of a business partner deteriorates and the resulting risk that capital made available will not be repaid or will only partly be repaid.

In order to quantify economic credit risk at portfolio level, methods and procedures developed by the savings bank financial group are implemented to enable an integrated review of counterparty default risk throughout die Sparkasse Bremen. The VaR procedure applied here on the basis of a credit portfolio review enables a portfolio-oriented calculation to be carried out followed by a corresponding calculation of the utilisation of risk guarantee funds within the scope of inspecting default risk at full-bank level. This ensures that a suitable quantifying approach in alignment with market price risks is in place for the purpose of calculating counterparty default risk.

In support of the strategic alignment of die Sparkasse Bremen and in order to secure its existence in the long term, lending business is controlled in terms of yield and risk in the credit management unit and in the credit risk control committee.

For many years now, die Sparkasse Bremen has been employing different rating procedures for corporate and for private customers as a significant instrument for assessing creditworthiness in lending business in order to ensure that risks are adequately estimated. This involves employing different Savings Bank Organisation methods in order to determine the individual credit rating of each customer. Besides introducing the private customer scorecards of the Savings Bank Organisation – the building loan and consumer credit application scorecards and the automatic portfolio scorecards – in 2008 other Landesbank rating methods (project financing, leasing, banks and corporates) were implemented for special customer segments in business with corporate customers. We thus have suitable credit rating assessment methods in place for our standard customer segments and for the predominant special customer segments.

Decision-making authority for the approval of individual credits is graduated according to credit volume and risk content. As of the occurrence of specific criteria, an additional risk assessment by means of a vote taken independently of the market division becomes obligatory. The Credit Committee of die Sparkasse Bremen decides on whether significant risks are to be included or not.

Employees with special know-how work in a unit which is independent of the market division, supervising credit exposures which are at risk and providing an intensive consulting service on financial restructuring processes.

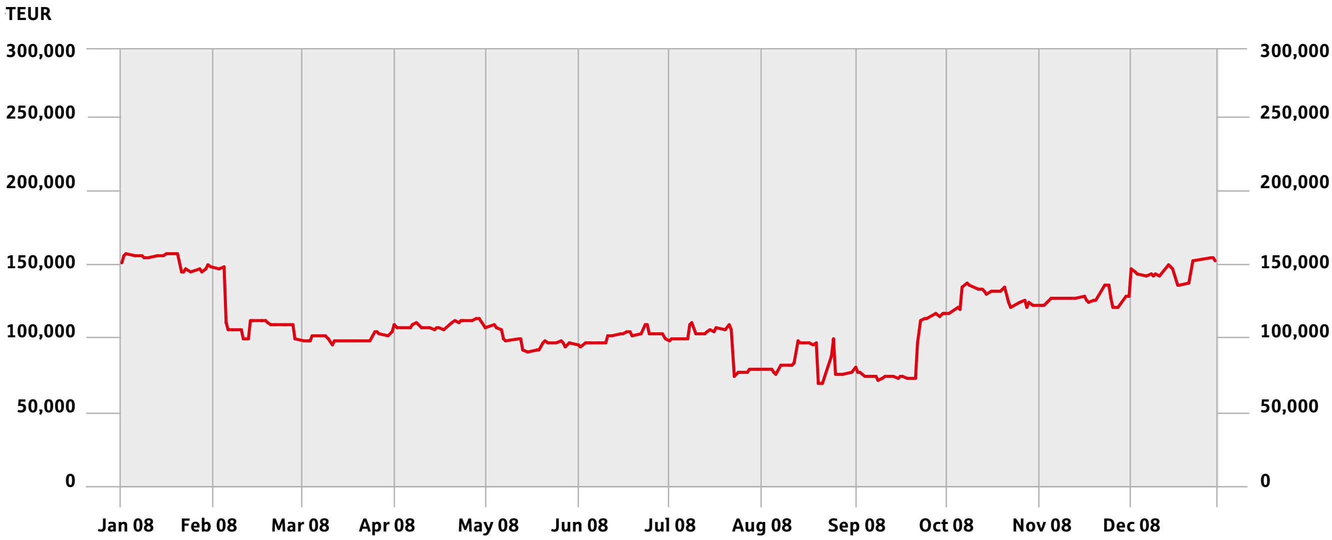
Investment risk, as a special form of counterparty default risk, is monitored and controlled with the help of an independent participation controlling and reporting system which is applied at regular intervals.

In the course of the financial market and economic crisis, which continued to become more acute in the period after mid-year 2008, loan approvals, notably in the area of trading partners, were closely managed in an intensive exchange of information between front office and back office units on the inclusion of the Board of Managing Directors. The group of trading partners in new business was principally limited to the savings bank financial group here.

## MARKET PRICE RISK

We consider market price risk to be the risk of impairment of financial instruments due to fluctuations in market parameters such as interest rates, share prices and foreign currencies.
The Board of Managing Directors stipulated risk limits for die Sparkasse Bremen market price risks. Compliance with these limits is monitored by the risk control department on every stock-exchange trading day. Future potential losses are limited by a risk limit with which the overall risk of items which carry market price risks in accordance with the value-at-risk concept (VaR) is measured. The average VaR (confidence level of 99.9 % and holding period of 250 days) of all the market price risk items in 2008 was € 123 million, a clear reduction of € 55 million against that of the previous year due to risk strategy measures undertaken in the financial market and economic crisis.

**DEVELOPMENT OF VALUE AT RISK (VaR)
OF ALL THE MARKET PRICE RISK ITEMS**




Daily back-testing is carried out on the trading portfolio in order to check the VaR risk model. Some of the aspects of the risk model employed were improved against the background of the financial market and economic crisis, so that the effective change in value is always covered, even in the face of most recent exceptional conditions on the markets.
Extreme fluctuations on the commercial market are also simulated with the help of regularly-conducted worst-case scenarios.
The interest-rate book of die Sparkasse Bremen is separately controlled and monitored due to its significance. This is carried out in an institutionalised procedure by the Treasury Committee, with the support of the Treasury and Risk Management divisions. The Treasury Committee also resolves on the interest-rate estimation of die Sparkasse Bremen and on measures to control market-price risk within the specified limits.
In the IT migration carried out in 2008, the software program for quantifying interest-rate risks in terms of the present value and the income statement was replaced in order to facilitate the improved integration of these risks in overall bank management.
We apply a semi-active strategy for controlling the interest-rate book. The strategy focuses on a benchmark (moving 10-year average) and permits an active present-value control of the interest-rate book by the Treasury Committee within a target corridor of 80 % to 120 % around the benchmark.

## LIQUIDITY RISK

We understand liquidity risk to be the risk that payment obligations due payable cannot be fulfilled or cannot be fulfilled to the extent required.

These risks are controlled by die Sparkasse Bremen both within the framework of liquidity planning and management and through compliance with the liquidity index in accordance with the German Liquidity Regulation.

Furthermore, liquidity at risk is calculated and the diversification of the capital structure analysed once a month in order to enhance the transparency of the short-term liquidity risk and the current liquidity situation at die Sparkasse Bremen.

Insofar as they may be relevant to assessing the situation or the future development of the bank, risks resulting from fluctuations in payment flows are implicitly dealt with in the respective types of risk. Thus any fluctuations in payment flows relating to interest rates for variable-interest financial instruments are included in the system of interest-rate book management, while varying payments through customer disposals in short-term liquidity management are controlled by the Treasury Division. Furthermore, the general effects of rating migrations and shortages of liquidity in trading transactions in particular are simulated.

Financial data related to liquidity risk did not give rise to any risk that would jeopardise the future existence of die Sparkasse Bremen. We did not need to borrow funds on the banking market due to our comfortable liquidity structure.

The liquidity index according to the Liquidity Regulation more than doubled the required minimum standard at the end of 2008, thus reflecting our stable liquidity situation.

| Liquidity Regulation (old = Principle II) | 31.12.2008 | 31.12.2007 | 31.12.2006 |
|---|---|---|---|
| Liquidity index | 2.13 | 1.75 | 2.05 |

## OPERATIONAL RISK

We define operational risk as the risk of incurring losses as a result of the inadequacy or failure of internal procedures, employees or the internal infrastructure or as a result of external influences.

For the management of operational risk, die Sparkasse Bremen uses the concepts and software developed in the Deutsche Sparkassen- und Giroverband (German Association of Savings Banks and Giro Banks) in cooperation with many savings banks. In addition to the general basic concepts, this includes a loss event databank as well as the methods applied for an annual inventory of risks and of the risk map carried out every two years. Operational risks are identified and assessed in the risk inventory and in the risk map on the basis of structurally prepared scenarios. Risk inventory for operational risks is divided into a qualitative part and a quantitative part (assessment of loss potential).

The loss event databank serves to systematically record losses incurred as a result of operational risk and to record follow-up measures. As in previous years, actual losses resulting from operational risk in 2008 were clearly below the amount reserved for verifying the risk-bearing capacity of the bank. According to all the information available – and on taking account of the risks resulting from IT migration – the risk inventory conducted in 2008 also did not reveal any operational risks that would put the future existence of die Sparkasse Bremen and its subsidiaries included.

The valuation and control of the results determined with all the methods are the responsibility of the divisions. They decide on the implementation of limiting and improvement measures, while at the same time taking account of cost and efficiency aspects. If a management decision involves the initiation of a measure, this measure (if it is sufficiently significant) will be integrated into the planning process at die Sparkasse Bremen.

Legal risks, as a part of operational risk, are reduced in a thorough examination of the basic contractual principles and the use of widely used, legally certified standard contracts.

Information and reliable processes are central resources in ensuring the success of business conducted in the area of financial services. Die Sparkasse Bremen makes good use of the technical possibilities available for processing information in order to ensure that its business processes are highly efficient. The aim of its contingency and security architecture is hence to protect die Sparkasse Bremen and its customers extensively against all the relevant risks with a combination of organisational, staff-related, technical and structural measures to secure the availability, integrity, confidentiality and binding character of information and processes and to limit the magnitude of potential losses.

The successful conclusion of the process of migrating IT applications to Finanz Informatik GmbH & Co. KG also ensures a high standard of IT security for die Sparkasse Bremen.

Contingency tests carried out and the emergency manuals and security guidelines available document this aim and lay down the standards of security management required by die Sparkasse Bremen, its subsidiaries and its external service providers.

Operational risks inherent in the migration of our DP systems to Finanz Informatik GmbH & Co. KG were regularly analysed and controlled in internal projects. They were also validated with the help of the DSGV »risk map« method. Our assessment and handling of these risks were acknowledged.

## FORECAST REPORT

In the following we report on the expected development of die Sparkasse Bremen in the current and the coming accounting period. Our forecast is based on our current expectations and on present-day assumptions which are in turn based on the generally anticipated economic development, our operative planning, our medium-term earnings projection and our long experience. We expect the general economic environment to essentially remain negative, both in 2009 and in 2010, as a result of the persisting crisis on global markets and in global economies. We have accounted for these expectations in a somewhat conservative planning approach. However, any statement on future occurrences in itself bears the risk of developments effectively being quite different.

Despite the fact that the economy is expected to remain down, we nevertheless presume that on the asset side, the volume of business transacted with customers will remain virtually unchanged. We see further potential for growth here, particularly in the area of project and real-estate financing in business conducted with corporate customers. We will essentially continue to maintain stringent control over risk aspects relating to lending business in order to guarantee that the result of our evaluation develops positively.

In consideration of the presumed general environment, we will not be prolonging due investments in business conducted with other banks in 2009. Instead we plan to use funds that become available to expand our securities positions and to continue to reduce costly liabilities to banks. This will generally be reflected in a reduction of our balance sheet total.

We expect these transfers of items and the relating adaptation to a changed environment to have a positive effect on our net interest income given the fact that interest rates are declining.

On the basis of our attractive product variations in the deposit line of business, we expect to see the volume of customer deposits remain virtually consistent with a marginal potential for growth despite declining interest rates on money markets and capital markets. We expect customer deposits to increase in coming years.

The interest-rate situation will generally remain problematic given the prolonged financial market and economic crisis and the resulting low level of interest rates. We expect scheduled balance sheet transfers and our mortgage bond project to have a positive effect on our net interest income. However, we do believe that net interest income will generally decline.

We see more potential for growth in net commission income in 2009 and in the coming few years, particularly in consequence of the positive effects of our »New Private Customer Sales Structure« and »New Corporate Customer Sales Structure« projects.

We believe that administrative expenses can be cut in years to come. While we generally expect to see staff expenses essentially decreasing due to natural fluctuation in the next few years, the outsourcing of IT applications to Finanz Informatik GmbH & Co. KG, conducted and concluded according to plan in 2008 and the increasingly cost-reducing effect of cooperation with our service providers will have a positive effect on materials expenses in 2009 and the following years.

The cost-income ratio will be at around 83 % in 2009.

Despite risks relating to the economy, we do not expect the result of revaluation in lending business to exceed that of the previous year thanks to our system of active credit risk management. In our opinion, no notable charges are to be expected from the result of evaluation in securities lending in the coming few years. The continued reduction of our risk items for investments in special funds in the securities portfolio in a system of risk-related management for our portfolio, commenced in 2007 and continued in 2008, will notably have a positive effect here. Die Sparkasse Bremen will continue to ensure that its direct and special fund investments always show a balanced risk structure.

In general, these developments will result in positive increases in the profit for the year in future. Return on equity will consequently also rise in the following years.

## FINAL STATEMENT

We have prepared a report on relationships with affiliated companies in accordance with § 312 of the German Companies Act (AktG). This report closes with the following statement: »In accordance with § 312 Paragraph 3 of the German Companies Act we, the Board of Managing Directors of Die Sparkasse Bremen AG, Bremen, declare that, in accordance with circumstances known to us at the time of conducting a legal transaction or implementing a measure or refraining from conducting such a legal transaction or implementing such a measure, the institute received adequate consideration for each legal transaction conducted with an associated company or for each legal transaction conducted on behalf of or in the interest of such a company and that we were not disadvantaged by the implementation or non-implementation of such a measure in the 2008 reporting period.

**Bremen, March 2009**

**The Board of Management**

# DIE SPARKASSE BREMEN AG

## ANNUAL ACCOUNTS

## ANNUAL BALANCE SHEET AS AT 31 DECEMBER 2008

| ASSETS | € | € | € | € | Previous Year T€ |
|---|---|---|---|---|---|
| **1. Cash reserve** | | | | | |
| a) Cash on hand | | | 73,291,053.26 | | 95,266 |
| b) Balances with central banks | | | 36,910,349.19 | | 161,235 |
| *of which: with the Deutsche Bundesbank* | *36,910,349.19* | | | | *161,235* |
| | | | | **110,201,402.45** | **256,501** |
| **2. Public-sector debt instruments and bills of exchange eligible for refinancing at central banks** | | | | | |
| a) Treasury bills and non-interest bearing treasury certificates and similar public-sector debt instruments | | | –.– | | – |
| *of which refinancable with the Deutsche Bundesbank* | –.– | | | | – |
| b) Bills of exchange | | | –.– | | – |
| *of which refinancable with the Deutsche Bundesbank* | –.– | | | | – |
| | | | | **–.–** | **–** |
| **3. Loans and advances to banks** | | | | | |
| a) Due on demand | | | 579,255,782.62 | | 204,896 |
| b) Other receivables | | | 1,069,485,420.49 | | 1,750,608 |
| | | | | **1,648,741,203.11** | **1,955,504** |
| **4. Loans and advances to customers** | | | | **7,578,903,576.39** | **7,316,975** |
| *of which:* | | | | | |
| *secured by mortgages liens* | *2,856,402,393.63* | | | | *2,424,074* |
| *public sector loans* | *231,220,154.94* | | | | *176,647* |
| **5. Debt securities and other fixed-interest securities** | | | | | |
| a) Money-market instruments | | | | | |
| aa) issued by public-sector borrowers | | –.– | | | – |
| *of which:* | | | | | |
| *eligible to serve as collateral with Deutsche Bundesbank* | –.– | | | | – |
| ab) issued by other borrowers | | 30,824,621.92 | 30,824,621.92 | | 172,182 |
| *of which:* | | | | | |
| *eligible to serve as collateral with Deutsche Bundesbank* | *30,824,621.92* | | | | *172,182* |
| b) Bonds and debt securities | | | | | |
| ba) issued by public-sector borrowers | | 75,876,618.77 | | | 50,596 |
| *of which:* | | | | | |
| *eligible to serve as collateral with Deutsche Bundesbank* | *75,876,618.77* | | | | *50,596* |
| bb) issued by other borrowers | | 640,121,210.82 | 715,997,829.59 | | 515,336 |
| *of which:* | | | | | |
| *eligible to serve as collateral with Deutsche Bundesbank* | *594,823,889.38* | | | | *462,970* |
| c) Debt securities issued by the institution itself | | | 18,245,515.05 | | 15,509 |
| *Nominal amount* | *18,156,000.00* | | | | *15,502* |
| | | | | **765,067,966.56** | **753,623** |
| **6. Shares and other variable-yield securities** | | | | **316,362,818.77** | **589,384** |
| **7. Participating interests** | | | | **121,419,874.29** | **118,905** |
| *of which:* | | | | | |
| *in banks* | *10,343,964.79* | | | | *11,944* |
| *in financial institutions* | –.– | | | | – |
| **8. Shares in affiliated companies** | | | | **104,960,746.07** | **107,020** |
| *of which:* | | | | | |
| *in banks* | *12,860,632.90* | | | | *13,024* |
| *in financial institutions* | –.– | | | | – |
| **9. Assets held in trust** | | | | **19,187,535.03** | **19,718** |
| *of which:* | | | | | |
| *loans on a trust basis* | *18,374,197.47* | | | | *18,843* |
| **10. Equalisation claims against the public sector including debt securities from their exchange** | | | | **–.–** | **–** |
| **11. Intangible assets** | | | | **6,347,906.87** | **8,302** |
| **12. Property and equipment** | | | | **105,422,078.06** | **112,018** |
| **13. Other assets** | | | | **38,455,795.37** | **41,645** |
| **14. Prepaid expenses** | | | | **2,304,927.14** | **2,690** |
| **Total assets** | | | | **10,817,375,830.11** | **11,282,285** |

## EQUITY AND LIABILITIES

| | | € | € | € | € | Previous Year T€ |
|---|---|---|---|---|---|---|
| **1.** | **Liabilities to banks** | | | | | |
| | a) Due on demand | | | 58,324,238.41 | | 45,933 |
| | b) With an agreed term or notice period | | | 2,540,859,098.71 | | 2,878,472 |
| | | | | | **2,599,183,337.12** | **2,924,405** |
| **2.** | **Liabilities to customers** | | | | | |
| | a) Saving deposits | | | | | |
| | aa) With an agreed period of notice of three months | | 2,415,451,587.86 | | | 2,837,512 |
| | ab) With an agreed period of notice of more than three months | | 899,496,155.31 | 3,314,947,743.17 | | 836,664 |
| | b) Other liabilities | | | | | |
| | ba) Due on demand | | 2,095,288,228.26 | | | 2,168,232 |
| | bb) With an agreed term or notice period | | 1,287,976,137.25 | 3,383,264,365.51 | | 1,051,923 |
| | | | | | **6,698,212,108.68** | **6,894,331** |
| **3.** | **Securitised liabilities** | | | | | |
| | a) Issued debt securities | | | 347,734,914.92 | | 292,931 |
| | b) Other securitised liabilities | | | –.– | | – |
| | *of which:* | | | | | |
| | *money-market instruments* | –.– | | | | – |
| | *issued by the institution itself and promissory notes in circulation* | –.– | | | | – |
| | | | | | **347,734,914.92** | **292,931** |
| **4.** | **Liabilities held in trust** | | | | **19,187,535.03** | **19,718** |
| | *of which:* | | | | | |
| | loans on a trust basis | *18,374,197.47* | | | | *18,843* |
| **5.** | **Other liabilities** | | | | **50,882,804.59** | **44,378** |
| **6.** | **Deferred income** | | | | **6,846,508.72** | **8,081** |
| **7.** | **Provisions** | | | | | |
| | a) Provisions for pensions and similar obligations | | | 248,845,545.00 | | 241,558 |
| | b) Tax provisions | | | 1,595,951.75 | | 3,696 |
| | c) Other provisions | | | 43,352,430.47 | | 32,361 |
| | | | | | **293,793,927.22** | **277,615** |
| **8.** | **Special account with reserve characteristics** | | | | **–.–** | **–** |
| **9.** | **Subordinated liabilities** | | | | **127,587,224.87** | **148,665** |
| **10.** | **Participatory capital** | | | | **147,225,837.62** | **147,226** |
| | *of which:* | | | | | |
| | *due within two years* | *85,225,837.62* | | | | *10,226* |
| **11.** | **Equity** | | | | | |
| | a) Issued capital | | | | | |
| | aa) Issued capital | | 370,000,000.00 | | | 370,000 |
| | ab) Silent participations | | 53,000,000.00 | 423,000,000.00 | | 53,000 |
| | b) Capital reserves | | | 47,041,959.68 | | 47,042 |
| | c) Revenue reserves | | | | | |
| | ca) Legal reserve | | –.– | | | – |
| | cb) Reserve for the bank's own shares | | –.– | | | – |
| | cc) Statutory reserves | | –.– | | | – |
| | cd) Other revenue reserves | | 54,523,208.59 | 54,523,208.59 | | 44,393 |
| | d) Unappropriated retained earnings | | | 2,156,463.07 | | 10,500 |
| | | | | | **526,721,631.34** | **524,935** |
| | **Total equity and liabilities** | | | | **10,817,375,830.11** | **11,282,285** |
| **1.** | **Contingent liabilities** | | | | | |
| | a) Contingent liabilities under rediscounted and settled bills of exchange | | | –.– | | – |
| | b) Liabilities from guarantees and indemnity agreements | | | 480,056,437.59 | | 434,329 |
| | c) Liability from the provision of collateral for third-party debts | | | –.– | | – |
| | | | | | **480,056,437.59** | **434,329** |
| **2.** | **Other obligations** | | | | | |
| | a) Obligation to repurchase from sales with an option to repurchase | | | –.– | | – |
| | b) Placement and underwriting obligations | | | –.– | | – |
| | c) Irrevocable credit commitments | | | 442,487,237.53 | | 401,228 |
| | | | | | **442,487,237.53** | **401, 228** |

# INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

| | € | € | € | € | Previous Year T€ |
|---|---|---|---|---|---|
| **1. Interest income from** | | | | | |
| a) Lending and money market transactions | | 513,329,291.36 | | | 460,471 |
| b) Fixed income and book entry securities | | 35,688,523.70 | 549,017,815.06 | | 30,271 |
| **2. Interest expense** | | | 377,450,356.96 | | 343,902 |
| | | | | **+171,567,458.10** | **+146,840** |
| **3. Current income from** | | | | | |
| a) Shares and other variable-yield securities | | | 27,904,888.16 | | 47,966 |
| b) Participating interests | | | 3,450,263.36 | | 4,051 |
| c) Shares in affiliated companies | | | 5,187,234.69 | | 6,382 |
| | | | | **36,542,386.21** | **58,399** |
| **4. Income from profit pooling, profit transfer and partial profit transfer agreements** | | | | **4,269,507.39** | **3,111** |
| **5. Commission income** | | | 65,902,010.28 | | 64,673 |
| **6. Commission expense** | | | 6,123,275.66 | | 5,580 |
| | | | | **+59,778,734.62** | **+59,093** |
| **7. Net income or net expenditure from financial and investment banking transactions** | | | | **-2,087,450.27** | **+3,641** |
| **8. Other operating income** | | | | **24,308,417.90** | **24,350** |
| **9. Income from the reversal of special account with reserve characteristics** | | | | **–.–** | **–** |
| **10. General administrative expenses** | | | | | |
| a) Staff expenses | | | | | |
| aa) Wages and salaries | | 78,171,153.54 | | | 75,846 |
| ab) Social contributions and expenditure on pension schemes and other benefits | | 46,084,016.35 | 124,255,169.89 | | 30,558 |
| *of which: for pension schemes* | *33,852,964.72* | | | | *18,306* |
| b) Other administrative expenses | | | 102,193,920.83 | | 94,760 |
| | | | | **226,449,090.72** | **201,164** |
| **11. Amortisation and write-downs of tangible and intangible assets** | | | | **10,685,227.64** | **10,919** |
| **12. Other operating expenses** | | | | **6,424,705.46** | **5,952** |
| **13. Write-downs and value adjustments to claims and certain securities and allocations to provisions for lending business** | | | 4,954,513.35 | | 37,842 |
| **14. Income from write-ups of claims and certain securities and reversal of provisions for lending business** | | | –.– | | – |
| | | | | **-4,954,513.35** | **-37,842** |
| **15. Depreciation of and provisions against participating interests, shares in affiliated companies and securities treated as fixed assets** | | | 43,666,939.13 | | 27,472 |
| **16. Income from write-ups of participating interests, shares in affiliated companies and securities treated as fixed assets** | | | –.– | | – |
| | | | | **-43,666,939.13** | **-27,472** |
| **17. Expenses on assumption of losses** | | | | **1,445,631.03** | **757** |
| **18. Allocations to special accounts with reserve characteristics** | | | | **–.–** | **–** |
| **19. Profit (loss) on ordinary activities** | | | | **+752,946.62** | **+11,328** |
| **20. Extraordinary income** | | | –.– | | – |
| **21. Extraordinary expenses** | | | –.– | | – |
| **22. Profit (loss) on extraordinary activities** | | | | **–.–** | **–** |
| **23. Taxes on income and earnings** | | | -1,934,945.44 | | 280 |
| **24. Other taxes** | | | 531,428.99 | | 548 |
| | | | | **-1,403,516.45** | **828** |
| **25. Profit (loss) for the year** | | | | **2,156,463.07** | **10,500** |
| **26. Profit/loss brought forward from the previous year** | | | | **–.–** | **–** |
| **27. Withdrawals from capital reserves** | | | | **–.–** | **–** |
| **28. Transfer from retained earnings** | | | | | |
| a) From the legal reserve | | | –.– | | – |
| b) From the reserve for the bank's own shares | | | –.– | | – |
| c) From statutory reserves | | | –.– | | – |
| d) From other revenue reserves | | | –.– | **–.–** | – |
| **29. Transfer to retained earnings** | | | | | |
| a) To the legal reserve | | | –.– | | – |
| b) To the reserve for the bank's own shares | | | –.– | | – |
| c) To statutory reserves | | | –.– | | – |
| d) To other revenue reserves | | | –.– | **–.–** | – |
| **30. Unappropriated retained earnings** | | | | **2,156,463.07** | **10,500** |

# NOTES

## I. ACCOUNTING POLICIES

We have prepared our annual financial statements in accordance with the provisions of the German Commercial Code, German accounting regulations for financial institutions and financial service institutions and our statutes. In accordance with § 340 i of the German Commercial Code in conjunction with § 296 Paragraph 2 of the German Commercial Code, no sub-consolidated accounts were prepared, since the subsidiaries are of secondary importance for the presentation of the net assets, the financial position and the results of operations of the Group, both individually and collectively.

A breakdown of maturities on the basis of residual terms in accordance with § 9 of German accounting regulations for financial institutions and financial service institutions (RechKredV) for specific balance sheet items and sub-items is shown in the notes to the financial statements. Proportionate interest was not allocated to the various residual maturity periods in accordance with the option provided for in § of the German accounting regulations for financial institutions and financial service institutions.

### _ LOANS AND ADVANCES TO CUSTOMERS AND BANKS

Balance sheet items were reported at their nominal value. Specific loan loss provisions and reserves were established in order to take account of discernible risks in lending business. General provisions cover latent risks in the portfolio of receivables. The requirement to reverse write-downs was observed on evaluating credits. Bills of exchange were reported at their current value.

### _ SECURITIES

Investment securities were closely examined by the savings bank and were found not to be subject to permanent impairment; in some cases these securities were measured at the mitigated principle of the lower of cost or market. This applies for securities for which repayment at nominal value has been agreed and whose stock exchange price or market price fell short of the carrying amount on the balance sheet reporting date or whose carrying amount fell short of the redemption price. In deviation of the method applied for the previous year, the redemption price of fixed-interest securities for which the mitigated principle of the lower of cost or market was applied was used as an upper value limit.
The same method was used for the first time for investment shares which are in some cases not written down on the basis of low redemption prices provided that these prices did not result from permanent impairment to the relevant investments.
The other securities were all measured on application of the strict principle of the lower of cost or market. The requirement to reverse write-downs and the principle of amortised cost were observed for all the other securities.

### _ SHARES IN AFFILIATED COMPANIES AND PARTICIPATING INTERESTS

Shares in affiliated companies and participating interests were all recognised at acquisition cost or, in the event of special circumstances, at lower values. The requirement to reverse write-downs was observed in this case.

### _ PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

These were all measured at acquisition cost and consumable assets were depreciated by applying the straight-line or declining-balance method of depreciation. Until the 2007 accounting period, fixed assets of minor value were fully amortised in the year of their acquisition. As of the 2008 accounting period, the savings bank applies permissible tax regulations in accordance with a new rule under § 6 Paragraph 2 and 2a of the German Income Tax Act (EStG).

### _ OTHER ASSETS

Impairments or discernible risks relating to other assets were taken into account with corresponding valuation adjustments.

### _ LIABILITIES

Liabilities were valued at their repayment amount. Discounts were carried as assets and premiums as liabilities. They were accrued in accordance with their terms to maturity.

### _ PROVISIONS

Discernable risks and contingent liabilities were all accounted for on the basis of prudent business judgement.

Provisions for pensions and similar obligations were calculated on the basis of the updated 2005 G Heubeck mortality tables and actuarial principles at the interest rate permissible in accordance with fiscal law.

## CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies and pending transactions were translated at ECB reference exchange rates or end-of-year forward rates.

Positive currency translation differences resulting from the translation of standard covered transactions were reported as income in the income statement insofar as they only offset a temporarily effective expense from the transactions serving as cover. Permanent valuation gains were not recognised.

No »special collateral« valuation was applied.

Foreign currency options concerning a single currency were combined by the savings bank within the framework of trading activities and risk management. Valuation gains were offset up to the amount of corresponding impairments in recognition of profit or loss. The attributable value was calculated on the basis of an option price model here. No permanent gains were recognised. Valuation is carried out according to the provisions of § 340 h of the German Commercial Code on approval of the Banking Committee (BFA) of the Institute of Auditors in Germany (IDW).

## DERIVATIVES

Derivative financial instruments were at all times valued individually in accordance with the principle of imparity and the realisation principle. Interest rate swaps were predominantly employed to control the risk of changes in interest rates. For this reason no valuation was undertaken in this respect. Pending forward exchange contracts, pending currency options and agreements on limiting interest rates were reported in accordance with statement BFA 2/1995. Structured products were handled in accordance with IDW RS HFA 22 and IDW RS BFA 1.

# II. EXPLANATORY NOTES TO THE BALANCE SHEET (IN € THOUSAND UNLESS OTHERWISE INDICATED)

## ASSETS

### On 3. Loans and advances to banks

**Other loans and advances to banks – sub-item b) – cover receivables with residual terms to maturity of**

| | | |
|---|---|---|
| – less than three months | 532,582 | |
| – more than 3 months but less than 1 year | 270,540 | |
| – more than 1 year but less than 5 years | 191,884 | |
| – more than 5 years | 12,042 | |

**Item 3 covers:**

| | | |
|---|---|---|
| – Receivables from affiliated companies (previous year 1,049) | | 1,425 |
| – Receivables from companies in which an equity investment exists (previous year 173) | | 29,797 |
| – Receivables from the bank's own central giro institution | | 20,138 |
| – Subordinated receivables (previous year –) | | – |

### On 4. Loans and advances to customers

**Loans and advances to customers include receivables**

| | | |
|---|---|---|
| – with an indefinite term | 832,769 | |

**and receivables with residual terms of**

| | | |
|---|---|---|
| – less than three months | 439,337 | |
| – more than 3 months but less than 1 year | 529,913 | |
| – more than 1 year but less than 5 years | 1.655,163 | |
| – more than 5 years | 4.113,220 | |

**Item 4 covers:**

| | | |
|---|---|---|
| – Receivables from affiliated companies (previous year 35,953) | | 34,991 |
| – Receivables from companies in which an equity investment exists (previous year 376,385) | | 287,384 |
| – Subordinated receivables (previous year 31,608) | | 31,608 |
| – including receivables from affiliated companies (previous year 1,608) | 1,608 | |
| – Receivables from companies in which an equity Investment exists (previous year –) | – | |

### On 5. Debt securities and other fixed-interest securities

| | | |
|---|---|---|
| **Of the debt securities and other fixed-interest securities the following amount will become due in the coming year** | **247,717** | |

**Item 5 covers:**

| | | |
|---|---|---|
| – Marketable securities and listed securities | | 719,071 |
| – Marketable securities and unlisted securities | | 45,997 |
| – Investment securities (previous year 737,496) | | 567,791 |
| – Securities not evaluated at the lower of cost or market value (previous year 562,343) | | 320,692 |
| – Current value of these securities | | 297,765 |
| – Subordinated securities (previous year 328) | | 5,965 |

### On 6. Shares and other variable-yield securities

**Item 6 covers:**

| | | |
|---|---|---|
| – Marketable securities and listed securities | | 6,900 |
| – Marketable securities and unlisted securities | | 4,983 |
| – Investment securities (previous year 578,702) | | 301,193 |
| – Securities not evaluated at the lower of cost or market value (previous year –) | | 151,646 |
| – Current value of these securities | | 121,709 |
| – Subordinated securities (previous year –) | | – |
| – Shares in special funds | | 286,120 |

**In accordance with § 92 InvG (German Investment Act), investment certificates in special funds may only be transferred on the agreement of the investment company. The companies always pay out interest and dividends resulting for the special fund account at the end of a fund business year and not interest and dividends used for covering costs, with interim payouts being made. Share price gains realised and available for distribution as per end of the fund business year are generally accumulated by the companies.**

## On 7. Participating interests

**Item 7 covers:**

| | |
|---|---|
| – Marketable securities and listed securities | 23 |
| – Marketable securities and unlisted securities | – |

## On 8. Shares in affiliated companies

**Item 8 does not include any marketable securities.**

## On 9. Assets held in trust

**Assets held in trust are**

| | |
|---|---|
| - Loans and advances to customers | 18,374 |
| - Other assets | 814 |

## On 11. and 12. Intangible assets and tangible assets

**Development of intangible assets and tangible assets**

| | **Intangible assets** | **Property and equipment** |
|---|---|---|
| Acquisition cost at beginning of the year | 32,191 | 263,718 |
| Additions | 410 | 1,778 |
| Disposals | 1,783 | 7,984 |
| Accumulated depreciation | 24,470 | 152,090 |
| Balance-sheet values at year-end | 6,348 | 105,422 |
| Depreciation in the accounting period | 2,364 | 8,321 |

**Item 12 on tangible assets includes:**

| | |
|---|---|
| – Land and buildings utilised within the scope of Sparkasse activities | 64,772 |
| – Operating and office equipment | 14,456 |
| – Compound item for fixed assets of minor value | 244 |

## On 13. Other assets

**Item 13 covers:**

| | |
|---|---|
| – Financial assets (previous year 79) | 81 |

**Exceptional individual items:**

| | |
|---|---|
| – Claims for tax refunds | 5,449 |
| – Receivables from affiliated companies | 9,972 |
| – Subordinated assets (silent participations) | 10,000 |

## On 14. Prepaid expenses

**Item 14 covers:**

| | |
|---|---|
| – Discount on liabilities (previous year 1,123) | 876 |
| – Premiums on receivables (previous year –) | – |

## EQUITY AND LIABILITIES

### On 1. Liabilities to banks

**Liabilities to banks with an agreed term or notice period – Sub-item b) – include liabilities with residual term of**

| | | |
|---|---|---|
| – less than three months | 240,560 | |
| – more than 3 months but less than 1 year | 545,415 | |
| – more than 1 year but less than 5 years | 796,444 | |
| – more than 5 years | 894,574 | |

**Item 1 covers:**

| | | |
|---|---|---|
| – Liabilities to affiliated companies (previous year 7,396) | | 11,727 |
| –Liabilities to companies in which an equity investment exists (previous year 6,342) | | 12,234 |
| – Liabilities to the bank's own giro institution | | 38,209 |

**Assets amounting to € 856.5 million were transferred as security for liabilities included under this Item.**

### On 2. Liabilities to customers

**Savings deposits with an agreed notice period of more than three months – Sub-items a) ab) – include liabilities with residual terms of**

| | | |
|---|---|---|
| – less than three months | 211,942 | |
| – more than 3 months but less than 1 year | 605,877 | |
| – more than 1 year but less than 5 years | 72,945 | |
| – more than 5 years | 8,733 | |

**Other liabilities to customers with an agreed term or notice period – Sub-items b) bb) – include liabilities with residual terms of**

| | | |
|---|---|---|
| – less than three months | 530,438 | |
| – more than 3 months but less than 1 year | 250,904 | |
| – more than 1 year but less than 5 years | 153,912 | |
| – more than 5 years | 322,870 | |

**Item 2 covers:**

| | | |
|---|---|---|
| – Liabilities to affiliated companies (previous year 44,341) | | 48,112 |
| – Liabilities to companies in which an equity investment exists (previous year 63,307) | | 43,579 |

### On 3. Securitised liabilities

| | | |
|---|---|---|
| **The following amount will become due in the coming year for issued debt securities** | 167,214 | |

**Item 3 covers:**

| | | |
|---|---|---|
| – Liabilities to affiliated companies (previous year 332) | | 2,514 |
| - Liabilities to companies in which an equity investment exists (previous year 15,815) | | 15,815 |

### On 4. Liabilities held in trust

**Liabilities held in trust are:**

| | | |
|---|---|---|
| – Liabilities to banks | | 17,413 |
| – Liabilities to customers | | 1,775 |

### On 5. Other liabilities

**Exceptional individual items:**

| | | |
|---|---|---|
| – Customers' interest discount tax retained | | 19,912 |
| – Repayment obligations from closed-end real-estate investment funds | | 4,699 |
| – Trade payables | | 3,201 |

**Securities valued at € 5 million were transferred as security for margin liabilities resulting from EUREX transactions included under this Item.**

## On 6. Deferred income

| | |
|---|---|
| **Item 6 includes premiums and discounts on liabilities (previous year: 10.546):** | 6,556 |

## On 9. Subordinated liabilities

| | |
|---|---|
| **Item 9 covers:** | |
| – Liabilities to affiliated companies (previous year –) | – |
| - Liabilities to companies in which an equity investment exists (previous year 668) | – |
| **In 2007 the following interest expenses were recognised for liabilities recognised under this item in 2008:** | 6,606 |

**The portfolio refers to bearer and registered debentures denominated in euros bearing fixed interest rates and with maturity dates from 2011 to 2019. Provision has not been made for premature repayment or for conversion into capital or into any other form of debt.**

## On 10. Participatory capital

**The portfolio refers to 15 registered participation certificates. In the 2008 accounting period no new registered participation certificates were issue.**

## On 11. Equity

**The registered capital of the bank amounts to € 370 million and comprises 370,000 no-par value denominated shares. The shares were all held by the financial holding of die Sparkasse in Bremen. Subscribed capital includes a silent participation to the amount of € 13 million with a residual term of 9 years and 6 months and a silent participation investment to the amount of € 40 million with a residual term of 8 years.**
**In accordance with a resolution passed at the Annual General Meeting of 21 May 2008, € 10.1 million of the unappropriated retained earnings for 2007 were appropriated to other retained earnings.**
**The Board of Managing Directors proposes to the Annual General Meeting that € 2.2 million of the unappropriated retained earnings for 2008 be allocated to retained earnings.**

## III. OTHER DISCLOSURES CONCERNING THE BALANCE SHEET

### FOREIGN CURRENCY DUE AND FOREIGN CURRENCY OWING

Assets and liabilities denominated in foreign currencies total an equivalent of € 178.3 million and € 177.5 million respectively.

### OTHER FINANCIAL OBLIGATIONS

On the reporting date for the annual accounts no assets were assigned in pension.

### OTHER FINANCIAL OBLIGATIONS

Obligations arising from leasing, licensing and maintenance agreements for the coming financial years currently total € 9.2 million p.a.

In the participating interest section, unpaid call-in obligations and obligations to make additional contributions currently amount to € 20.9 million. On the basis of a declaration revoked due to the fact that the shareholding in Bankhaus Carl F. Plump & Co. GmbH & Co. KG, Bremen is no longer a majority shareholding on 6 April 2000 in accordance with § 5 Paragraph 10 of the statute on a permanent insurance fund of the Bundesverband deutscher Banken e.V. (German Association of Banks) in Cologne, Die Sparkasse Bremen AG, Bremen, is obliged to release this participating interest from losses sustained in measures implemented until that time in accordance with § 2 Paragraph 2 of the statute on permanent insurance funds.

Within the scope of special declarations, general partners appointed by Sparkasse Bremen for five projects financed for real-estate limited partnerships are to be released from personal liability for payments due by them to Sparkasse Bremen.

Concerning the outsourcing of activities, die Sparkasse Bremen has committed itself for a limited period to enabling a subsidiary to settle equalisation payments in the event of operation-related dismissals as they would need to be met for employees of Sparkasse Bremen in the event of operation-related dismissals. This applies for as long as die Sparkasse Bremen is a majority partner of the respective subsidiaries.

### INFORMATION ON THE NOTES IN ACCORDANCE WITH §160 PARAGRAPH 1 NO. 8 OF THE GERMAN COMPANIES ACT (AKTG)

The following was announced to the AG: »The Financial Holding of the Sparkasse in Bremen, Am Brill 1-3 in 28195 Bremen, has notified us in accordance with § 20 Paragraph 1 and 4 of the German Companies Act that it holds 100% of the shares in our company.«

## FUTURES TRANSACTIONS

The majority of interest-rate-related transactions (interest-rate swaps) as at the balance sheet reporting were concluded in order to secure them against the risk of changes in interest rates.
Transactions relating to foreign currencies are primarily trading transactions with customers which were virtually fully insured against changes in exchange-rates.
Transactions bearing other risks are primarily credit derivatives and structured products for which the issuer has a right of cancellation.

| Residual term | Less than 1 year EUR million | More than 1 year Less than 5 years EUR million | More than 5 years EUR million | Total EUR million | Current values EUR million | Book values EUR million | Balance-sheet items |
|---|---|---|---|---|---|---|---|
| **Interest-rate related transactions** | | | | | | | |
| OTC products | 1,027.0 | 551.8 | 1,609.1 | 3,187.9 | -60.8 | 1.8 / 1.8 | A13 / P5 |
| Stock-exchange transactions | – | – | – | – | – | – | – |
| **Currency-related transactions** | | | | | | | |
| OTC products | 527.0 | 54.4 | – | 581.4 | -2.5 | 0.4 /0.4 | A13 / P5 |
| Stock-exchange transactions | – | – | – | – | – | – | – |
| **Transactions bearing other risks** | | | | | | | |
| OTC products | – | 140.4 | – | 140.4 | 137.1 | 140.4 | A3 / A5 / P3 |
| Stock-exchange transactions | – | 25.0 | 5.4 | 30.4 | 26.6 | 30.2 | A5 |
| **Total** | | | **3,940.1** | | | | |

### Interest-rate swaps

The current value is the balance of the present values of the cash flows on the two swap sides calculated with the help of zero-bond yields. Cash flows on the variable side are calculated on the basis of implied forward rates.

### Forward exchange contracts

The current value results from the current forward rate (spot price on the balance-sheet date +/- the swap rate for the residual period as at the balance-sheet date).

### Currency options

The Garmann-Kohlhagen model is used to calculate current values.

### Caps / Floors

With the help of the modified Black model, the current value is calculated as the total of theoretical prices discounted with the zero bond yields of each individual caplet at the point in time of evaluation.

### Credit derivatives

These are primarily existing security provider items reported off-balance sheet as contingent liabilities from guarantees and indemnity agreements.

## IV. EXPLANATORY NOTES TO THE STATEMENT OF INCOME

### On 1.a) Interest income

This item includes around 4 % of income relating to other periods mainly resulting from control measures in the interest-rate book.

### On 5. Commission income

We received income as commission for the negotiation of life insurances and property insurances, building society savings products and shares in investment funds for services performed for third parties within the scope of our Allfinance offer.

### On 8. Other Operating Income

This item includes € 9.2 million in reimbursements of administration expenses by subsidiaries, € 2.9 million in ordinary income from land and buildings and € 2.1 million in other fees for lending business.

### On 10. General administrative expenses

Around 6 % of this item covers expenses relating to other accounting periods mainly concerning the outsourcing of IT applications to Finanz Informatik GmbH & Co. KG, Frankfurt am Main conducted in the reporting period and concluded according to schedule.

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