



# Financial pages 2013

Die Sparkasse Bremen AG

**Stark. Fair. Hanseatisch.**



Die Sparkasse Bremen  
Finanzdienstleistung

## General Information

### Board of Managing Directors

Dr. Tim Nesemann

*Chairman of the Board of Managing Directors*

Joachim Döpp

Thomas Fürst

Dr. Heiko Staroßom

## Head of International Division

Prof. Dr. iur. Christoph Graf v. Bernstorff

*Executive Vice President*

## Membership

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 417 savings banks operating in Germany, six 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 180 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 188 years ago, our bank is today the oldest financial institution 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.





A focal point of our bank's international success 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.

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 58 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.



# 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 58 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 2013

# General Environment

## Domestic market sustains economy

Global economic growth climbed to reach a good 3 % during the course of 2013, primarily driven by the upswing which is becoming apparent in industrial countries. The economic dynamics on emerging markets weakened considerably, but it was nevertheless still better than in industrial countries. Concerning the US economy, an agreement reached between the US Senate and Congress prevented negative consequences for the USA and the global economy, and the result is now increasing consumer spending, accompanied by more favourable labour market conditions.

The European debt crisis remained the factor determining the stability of financial systems through to 2013. The national debts of some countries in the euro area continue to rise. The rescue mechanisms EFSF (European Financial Stability Facility), EFSM (European Financial Stabilisation Mechanism) and ESM (European Stability Mechanism), which are virtually fully operational on a European level and have, among other things, been financing the reform programme in Cyprus since 2013, are helping to alleviate the situation. Economic development in the eurozone slowed down during the course of the year, as a consequence of the crisis and was negative at -0.4 % in spite of the emerging process of recovery and improved balances of payment on current account in the crisis-ridden countries. The persistent recession in the eurozone and low inflationary pressure prompted the European Central Bank (ECB) to lower the prime interest rate to a record low of 0.25 % towards the end of 2013.

Growth in the gross domestic product (GDP) in Germany was only partly decoupled from the trend in the eurozone and had to be adjusted slightly downwards to 0.4 % during the course of 2013. The moderate growth trend seen in previous years thus continued. The main source of support for the overall economic output is a

buoyant domestic market, which continues to be promoted by sustained low interest rates. On the other hand, these interest rates result in a negative real interest rate in Germany, and hence to a continued, gradual erosion of savers' assets. They also increase pressure on German banks' profitability. Consumer spending and housing construction remain vital driving forces behind economic growth, and are likely to continue to back up the favourable developments on the labour market, which reported a slight increase in the unemployment rate to 6.9 % on an annual average, with the general employment situation having improved slightly. As the development continues, the trade balance should be boosted by increased exports and investments in equipment should increase again. This is why a rise in growth rates has been forecast again for the coming years. Recovery can also be reported for the economy in Bremen. According to a report by the Deutsche Bundesbank, the weak trend of the previous year for traditional sectors such as the food industry and tobacco processing continued, but sales were nevertheless largely stable in the vehicle construction sector, which includes ship construction and the aviation and aerospace industries in Bremen. In its economic report, the Bremen Chamber of Commerce says that the outlook for exports in 2014 is favourable. According to statistics issued by the Labour Office, the trend in employment in the city of Bremen was in line with the national trend, while at the same time the city achieved a slight improvement in the unemployment rate in comparison to the previous year, namely of 0.1 percentage points, to 10.4 % on an annual average. The unemployment rate fell below the 10 %-level in November. In combination with a generally improved investment plan for companies, the effects on the labour market are expected to continue to be positive.

## European banking environment

In 2013, a decision was taken to shift the regulatory lending business architecture for banks with a balance sheet total of more than 30 billion euros to a European level and to give the European Central Bank (ECB) comprehensive regulatory powers. Significant instruments in this respect are the European Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation (CRR), which has implemented the Basel III specifications laid down by the Basel Committee in applicable law since 2014 and resulted in rising capital requirements. Besides the implementation of the regulatory EU specifications, another negative factor for the earnings situation in the German banking environment has been reforms serving to establish a European system for the protection

of bank deposits and a European settlement system which were adopted towards the end of 2013.

The entry into force of the SEPA regulation in March 2012 saw the standardisation of requirements for carrying out cashless payment transactions in the European economic area. The regulation originally intended to see national payment transaction systems being completely replaced by 31 January 2014. This means that those concerned (banks, companies, public authorities, etc.) had to migrate their payment transactions. According to a Bundesbank communication, banks may as an exception accept payment orders in the old national format up to 1 August 2014.

## Undisputed market leader

Die Sparkasse Bremen once again positioned itself as the clear market leader in business with private customers in the Bremen region. In business with corporate customers, die Sparkasse Bremen also maintained its position high up on the market, and the bank remains number 1 for financing small and medium-sized companies. With more than 1,500 employees and more than 60 advice centres, die Sparkasse always focuses on the needs of its customers, with particular attention being paid to long-term customer satisfaction provided by a reliable partner. The excellent quality of consulting in the consulting service for private customers is regularly recognised in the FOCUS MONEY "CityContest" in which we achieved an "Outstanding" rating in 2013. Furthermore, the Rhineland TÜV (Technical Inspection Authority) once again con-

firmed the TÜV certification on the quality of our consulting service as part of its re-certification process. This shows us that we are consistent in working on the question of consulting quality and that we put the philosophy of an integral approach towards consulting, tailored to the needs of customers, into practice at the bank. With its professional "BremenKapital" asset management service from Bremen people for people in Bremen, the savings bank is offering a portfolio of products involving the bank's own experts continuously analysing and optimising assets at its location in Bremen. The savings bank confirmed its role as a most attractive employer in the region of Bremen in June 2013 when it was awarded five stars out of five as "Bremen's best employer" in an initiative organised by the Weser-Kurier.

## Development of Business

### Die Sparkasse holds its own in a difficult environment

The 2013 accounting period continued to be influenced by an unfavourable general economic framework. In addition to the low economic growth and the related propensity of companies to invest, the earnings of die Sparkasse Bremen were negatively affected more than anything else by a renewed decrease in market interest rates and the continued low interest-rate policies of the European Central Bank. In spite of this persistently difficult business environment and various exceptional negative factors, the profit for the year, at € 22.2 million, was almost at the level that had been planned, after € 37.8 million in 2012.

In a reporting date comparison, the volume of loans and advances to customers increased slightly, while the volume of loans and advances to banks was considerably increased. In contrast, holdings of securities were reduced.

This is in particular matched by an increase in the portfolio of customer deposits on the equities and liabilities side. In contrast, liabilities to banks decreased once again, as in the previous year.

On 31 December 2013 the balance sheet total amounted to € 10.8 billion, thus remaining virtually unchanged against the total for the previous year.

Developments in detail:

### Lending business

DEVELOPMENT OF LENDING BUSINESS (IN € MILLION)					
	2013	2012	2011	2010	2009
<b>Loans and advances to customers</b>	<b>8,516.1</b>	<b>8,457.0</b>	8,322.1	8,165.4	8,099.1
<i>Of which:</i>					
<b>Short, medium and long-term receivables from customers</b>	<b>8,063.3</b>	<b>7,985.4</b>	7,836.6	7,703.9	7,626.3
<i>Of which:</i>					
Promissory notes acquired	39.5	69.2	75.7	103.3	77.1
<b>Loans on a trust basis</b>	<b>5.1</b>	<b>10.9</b>	17.7	18.6	18.1
<b>Guarantees and endorsement liabilities</b>	<b>447.7</b>	<b>460.7</b>	467.8	442.9	454.7
<b>Loans and advances to banks</b>	<b>787.5</b>	<b>580.3</b>	1,197.1	890.6	1,064.2

Aggregated receivables from customers (including promissory notes acquired, loans on a trust basis and guarantees and endorse-

ment liabilities) amounted to € 8.5 billion on 31 December 2013, hence slightly exceeding those of the previous year.



## DEVELOPMENT OF LENDING BUSINESS WITH CORPORATE AND PRIVATE CUSTOMERS (IN € MILLION)

	2013	2012	2011	2010	2009
<b>Corporate customers*</b>	<b>5,493.8</b>	<b>5,407.7</b>	5,298.1	5,175.0	5,038.5
<b>Private customers*</b>	<b>2,614.4</b>	<b>2,600.4</b>	2,597.5	2,582.6	2,601.9

\* On the basis of regulatory reported data

In spite of a difficult general framework, die Sparkasse Bremen was able to hold its own in lending business with corporate customers and once again increase the credit volume to a current € 5.5 billion. Demand for investment loans decreased in the classical line of business with small and medium-sized companies as a result of the low economic growth and the adequacy of companies' capital. In contrast, the financing of commercial properties and renewable energies once again proved to be a growth driver. In 2013, the focus on good credit ratings continued, so that the quality of the corporate customer portfolio was improved, as in previous years.

This sustained positive development in the portfolio for business with corporate customers is an excellent result for die Sparkasse Bremen against the current background of strong competition for corporate customers with a good credit rating.

Loans to private customers also slightly exceeded those of the previous year, at € 2.6 billion. The continued expansion of sales by the property centre in lending business for housing was the main factor in stabilising new business at a high level in the long term.

Loans and advances to banks were increased from € 0.6 billion to € 0.8 billion on the balance sheet reporting date.

## Investment Business

### DEVELOPMENT OF INVESTMENT BUSINESS (IN € MILLION)

	2013	2012	2011	2010	2009
<b>Liabilities to customers and securitised liabilities</b>	<b>7,561.5</b>	<b>7,223.6</b>	6,927.6	6,787.1	7,282.5
<i>Of which:</i>					
Savings deposits	3,105.3	2,984.1	2,884.3	2,967.3	3,139.8
Debt securities	256.4	303.8	419.7	451.8	382.2
Deposits on demand	3,473.0	3,001.1	2,650.1	2,476.9	2,873.7
Time deposits	726.8	934.6	973.5	891.1	886.8
<b>Liabilities to banks</b>	<b>2,239.5</b>	<b>2,568.2</b>	2,622.4	2,844.6	2,541.5

The amount of liabilities to customers and securitised liabilities was raised in the period up to year-end from € 7.2 billion to € 7.6 billion.

While a reporting date comparison showed that the trend for registered bonds issued by die Sparkasse Bremen and the portfolio of time deposits was in decline, the portfolio of deposits due on demand once again showed a positive development and had increased considerably on the reporting date.

The development of the portfolio of savings deposits also continued to be positive. After the growth achieved in the previous year,

we reported a renewed increase in the portfolio in 2013 as well, in spite of the low interest rates in a reporting date comparison.

On the other hand, the declining development in the area of our own securities is due to the market interest rate trend and the resulting fundamental caution concerning long-term investments forms and to the further development of our product range in asset management.

Liabilities to banks were reduced in the year under report, from € 2.6 billion to € 2.2 billion on the balance sheet reporting date.

## Business with Services

Commission income remains a vital earnings component. While we realised a slight increase in lending and surety commission, commission income in business with pensions and building-society savings decreased slightly once again. Commission income generated by giro transactions also decreased slightly in comparison to the previous year due to increasing competition. In contrast, com-

mission income in business with securities was notably positive. The successful launch of our own asset management system, BremenKapital, enabled us to considerably increase commission income and also bring about a trend reversal in the area of sales of shares and investment certificates. We reported a marked increase again for the first time since the beginning of the financial crisis.

### DEVELOPMENT OF SECURITIES SERVICE BUSINESS (IN € MILLION)

	2013	2012	2011	2010	2009
Shares and unit trusts	694.9	380.7	474.8	559.3	630.7
Fixed-interest securities	334.1	241.9	396.1	262.3	376.2
Own security issues	192.7	200.9	302.1	244.0	271.3

We reported a return to increases in turnover generated with fixed-interest securities in spite of persistently low interest rates.

Sales of our own security issues remained at an almost consistent level in the reporting period.

## Own-Account Investments in Securities

The capital market in 2013 was characterised by a sufficient amount of available liquidity and extremely low interest rates. There were signs of an end to the recession in the euro area, and the ability of southern European peripheral states to operate on capital markets improved.

Stock markets in the emerging markets fell sharply in 2013. After the FED RESERVE announced in May that it did not intend to provide the market with an unlimited supply of liquidity, institutional investors in particular began to sell on a large scale.

Although the announcement by the FED RESERVE had resulted in a severe yet at the same time only brief slump, the markets on the other hand set new records towards the end of the year. For the first time ever, the Dax exceeded 9,500 points, thus achieving an increase of more than 20% in comparison to the beginning of the year. The end-of-year rally was mainly driven by the dispelling of

uncertainty concerning the US monetary policy. The FED RESERVE announced that it would be reducing bond purchases as of January 2014, but that it would be leaving the prime interest rate close to zero until 2015. On the other hand, this had a negative effect on securities, which increasingly came under pressure and reported new yield highs. The development of spreads was similar to the excellent development on stock markets for all the Corporate Bond segments.

On the basis of the developments defined above, we reduced our investment volume for selected public funds and our special funds, some of which had been valued according to the mitigated principle of the lower of cost or market in the previous year. We used some of the available liquidity to reduce payables and slightly raise our investment quota in shares. From late autumn on we will have undertaken control measures to secure our positive earnings per share.



## Participating Interests and Shares in Affiliated Companies

With development differing in individual cases, our participating interests and shares in affiliated companies and shareholdings were raised by altogether € 12.9 million, to € 241.4 million.

Changes were made in the area of participating interests – in compliance with our investment strategy – from both a strategic

and an earnings point of view. Profit surrender contracts have been concluded with most of our subsidiaries. We also undertook adjustments to values, particularly those recognised for the participating interest in S-Finanzgruppe mbH & Co. KG, the holding company for the shares in Landesbank Berlin.

## Investments in Fixed Assets

Materials expenses, at € 92.5 million, were once again regressive in comparison to the previous year. This positive development is the result of the comprehensive investments in the future that we have made in the past few years and our ongoing activities to optimise costs and processes, which have in past years resulted in sustainable effects and will also bring about further perceivable cost reduc-

tions in coming years. The reorganisation of back office activities in lending and deposit business and the Finance and Controlling Division, implemented as at 1 July 2013, which have until now been outsourced to a service organisation, enabled us to realise tangible savings as early as in the reporting period.

## Human Resources and Social Issues

On 31 December 2013 die Sparkasse Bremen had 1,516 employees, so the figure for the previous year remained virtually unchanged and is equivalent to 1,318 employees extrapolated on a full-time basis. Die Sparkasse Bremen employs 501 part-time and temporary employees. The number of apprentices, at 100, was the same as in the previous year. With the proportion of apprentices at 7.3 % of bank-related employees, we continued to make a considerable contribution to creating opportunities for professional training in Bremen.

The requirements for the quality of our consulting services and legal regulations also necessitated a high standard of professional training for our employees. This applies for consulting our customers and in the area of back-office administration. Our offer of professional training and advanced professional training measures in the form of internal bank seminars and external seminars ensures that our employees meet these expectations. This is reflected in the high level of training: More than 76 % of our employees qualified as bank clerks or as specialised savings bank clerks/ bank officers or graduate savings bank business managers/ bank business managers. Just under an eighth of our employees have gained a degree at a university of applied science or a full university. In keeping with our mission statement, we revised and expanded the promotional policy of die Sparkasse Bremen in cooperation with the staff council.

Our remuneration system is aligned to the collective labour agreement for private and public-sector banks and is made up of fixed and variable income components. Since 2011 the variable income components have been calculated according to a profit-sharing model which is measured on the basis of the results of die Sparkasse Bremen, and of its market position and productivity, and applies uniformly for all the employees of die Sparkasse Bremen. The job evaluation following the HayGroup analytical evaluation method carried out on the basis of internal job descriptions has been relevant for the basic annual salaries paid to all our non-tariff employees since 2012. We continue to meet current regulatory requirements, notably requirements relating to valid remuneration regulations for institutions.

We were awarded the »workandfamily« certification for family-conscious enterprises as early as in 2007, subsequent to an audit conducted by the German Hertie Foundation, and we were recertified in 2010. In 2013, we further enhanced the attraction of die Sparkasse Bremen as an employer with many investments in the area of reconciliation between work and family life, particularly concerning childcare, support for those taking care of relatives, part-time employment models, health management and in the reorganisation of our corporate employee benefit scheme. These benefits have been acknowledged with the award for "Bremen's best employer". In a representative internal survey, 91 % (+11 percentage points compared to the previous year) of the employees said that die Sparkasse Bremen was a very good employer.

# Assets Position

## DEVELOPMENT OF SELECTED BALANCE SHEET ITEMS (IN € MILLION)

	2013	2012	2011	2010	2009
Loans and advances to banks	787.5	580.3	1,197.1	890.6	1,064.2
Loans and advances to customers	8,063.3	7,985.4	7,836.6	7,703.9	7,626.3
Securities	1,470.1	1,760.3	918.3	1,402.0	1,616.4
Liabilities to banks	2,239.5	2,568.2	2,622.4	2,844.6	2,541.5
Liabilities to customers	7,305.1	6,919.7	6,507.9	6,335.3	6,900.3

Loans and advances to customers rose over those of the previous year by € 77.9 million and account for 74.5 % of the balance sheet total. On the other hand, holdings of investments in securities were reduced by € 290.2 million, with the reasons including the disposal of items from the portfolio of investment funds. The simultaneous increase of loans and advances to banks on the balance sheet reporting date in the amount of € 207.2 million is the result of the temporary re-investment of these funds. The proportion of claims on banks in the balance sheet total increased to 7.3 % on the balance sheet reporting date. The portfolio of liabilities to banks was

reduced by € 328.7 million and accounts for 20.7 % of the balance sheet total. Liabilities to customers showed a contrary development, rising by € 385.4 million over those of the previous year. The share in the balance sheet total was thus increased to 67.5 %. The core capital of die Sparkasse Bremen amounted to € 616.4 million on the balance sheet reporting date. This is equivalent to a capital ratio of 8.2 %. Capital resources amounted to € 825.4 million. The resulting ratio between equity capital and weighted risk assets was 11.0 %, thus constituting an adequate basis for the continued development of business.

## Finances

We consciously maintained our liquidity position at its comfortable level in 2013. Our liquidity is more than sufficient for the coming years, and it also ensures that legal liquidity requirements under Basel III will be met.

A significant indicator of a willingness to pay in the short term is the liquidity ratio in accordance with the German Liquidity Regulation, which shows material liquidity. This liquidity ratio once again averaged above the required legal minimum standard, and in 2013 it also far exceeded the average for the previous year.

Our standing credit balance at Deutsche Bundesbank means that we met the minimum reserve regulations at all times in the reporting period.

The aggregated amount of cash reserves, loans and advances to banks and debt securities and other fixed-interest securities was € 1.8 billion on the balance sheet reporting date.

This comfortable liquidity position as well as our comprehensive liquidity management and liquidity control measures will also ensure our liquidity in future and guarantee that we meet legal requirements which are likely to be intensified.



# Earnings

## DEVELOPMENT OF SELECTED INCOME STATEMENT ITEMS (IN € MILLION)

	2013	2012	2011	2010	2009
<b>Net interest income <sup>1</sup></b>	<b>231.9</b>	<b>231.9</b>	252.5	232.1	202.9
<b>Net commission income</b>	<b>57.7</b>	<b>56.9</b>	55.8	55.8	59.1
<b>Net income from financial and investment banking transactions</b>	<b>0.3</b>	<b>-3.4</b>	-10.1	-0.8	2.1
Staff expenses	116.1	96.8	92.6	89.9	114.8
Materials expenses <sup>2</sup>	92.5	95.3	97.0	98.2	104.8
<b>Administrative expenses <sup>2</sup></b>	<b>208.6</b>	<b>192.1</b>	189.6	188.1	219.6
<b>Result of evaluation <sup>3</sup></b>	<b>-29.7</b>	<b>-31.1</b>	-69.5	-55.2	-38.2
<b>Profit on extraordinary activities</b>	<b>-5.1</b>	<b>-5.1</b>	-5.1	-6.4	0.0
<b>Earnings-related taxes</b>	<b>3.6</b>	<b>6.4</b>	5.1	6.4	2.4
<b>Net income for the year</b>	<b>22.2</b>	<b>37.8</b>	21.9	23.0	12.7
<b>Dividend payout</b>	<b>0.6</b>	<b>0.6</b>	0.6	0.6	0.0
<b>Allocation to reserves</b>	<b>21.6</b>	<b>37.2</b>	21.3	22.4	12.7

<sup>1</sup> Including current income from securities and participating interests as well as income from profit pooling, profit transfer and partial profit transfer agreements

<sup>2</sup> Including depreciation

<sup>3</sup> In 2012 Including a transfer to the funds for general banking risks

The 2013 accounting period was also influenced by an unfavourable general economic framework. Earnings were once again negatively affected, in particular by persistently low market interest rates, which had decreased again since the beginning of the year, contrary to expectations. In spite of the fact that the market environment is still unfavourable and of various exceptional negative factors, die Sparkasse Bremen achieved a profit for the year which was almost at the planned level, but nevertheless fell significantly short of the previous year's level.

Net interest income remained unchanged against that of the previous year at € 231.9 million, thus meeting our expectations. In terms of assets, the earnings situation for business with customers was positive, notably in the case of corporate customers, in spite of the fact that growth in the portfolio was only slight. Margins were slightly higher than those of the previous year for private housing business. In contrast, margins generated in investment business continued to decrease as a result of historically low market interest rates and considerable destructive competition, and once again had a significant adverse impact on deposit business. While the income flowing into net interest income was reduced by € 18.7 million to € 406.1 million, we also reported a reduction in interest expenses of € 18.7 million, to € 174.1 million. Net interest income includes income and expenses from a reduction in interest rate swaps, undertaken from the point of view of risk mitigation for the purpose of interest-rate book management. This result is satisfactory for die Sparkasse Bremen given the background of historically low interest rates on money markets and capital markets.

In compliance with the IDW RS BFA 3 specifications, we measured the interest-rate related transactions in the banking book at their net realisable value and ascertained a positive result for the recoverability of our banking book.

Net commission income remains a vital earnings component. At € 57.7 million, we were able to achieve an excellent result which

was in line with our expectations, exceeded the level of the previous year and was more than satisfactory for die Sparkasse Bremen.

Our net income from financial and investment banking transactions contributed to income in the amount of € 0.3 million in the reporting period.

Staff expenses increased over those of the previous year by € 19.3 million, to € 116.1 million. In particular this reflected non-recurring effects from the measures we initiated to optimise costs and processes.

Material costs are again decreasing in comparison with costs for the previous year, having dropped by € 2.8 million, to € 92.5 million. The cost-income ratio was increased due to non-recurring staff expense effects in the reporting period, to 77.4 % (previous year: 72.7 %).

In spite of the unfavourable general environment for the whole of the economy, we reported a slightly positive general development in the result of evaluation in 2013.

We had predicted a reduction in the need for risk provisioning, subject to how ship financing continues to develop. The result of lending business evaluation was in fact improved once again this year. Reasons for this positive development included our sustainable structured improvements in the loan portfolio, consistent loan monitoring including the involvement of additional loan specialists and considerable revenues from cancelled loan exposures, which in turn resulted in considerable cancellations of loans for which specific loan loss provisions had been established in previous years.

The result of the evaluation of securities decreased slightly against that of the previous year. This is due to the price development of our investment book on the basis of the development of market interest rates, and to price losses from the disposal of items from the portfolio of investment funds which we consciously accepted in order to reduce our market price risks.

We also registered a need for additional valuations in the area of investments due to the negative developments.

The profit on extraordinary activities for 2013 is also the result of the effects of changes relating to the provisions of the German Accounting Law Modernisation Act, which had to be implemented for the first time in 2010. These changes are to be taken into account over a period of several years.

Earnings-related tax expenses amounted to € 3.6 million.

The profit for the year decreased considerably against that of the previous year by € 15.6 million, to € 22.2 million, of which € 0.6 million are to be paid out to the financial holding of the Sparkasse in Bremen and € 21.6 million allocated to retained earnings for the purpose of further reinforcing equity capital.

The return on equity before taxes derived from the development of earnings decreased to 4.5 % (previous year 7.6 %).

## General Statement on the Development of Business

Against the background of a general environment that remained problematic in the reporting period, increasing pressure from competitors and an increase in legal and regulatory requirements which saw banks facing exceptional challenges in 2013 as well, business at die Sparkasse Bremen in the past reporting period

was generally in line with expectations. With an orderly financial and assets situation, the earnings potential of die Sparkasse Bremen is satisfactory. Requirements for die Sparkasse Bremen to remain an efficient partner for its customers in terms of any financial concern have hence all been met.

## Supplementary Report

There were no occurrences of any special significance that needed to be reported on subsequent to closure of the 2013 accounting period.

## Risk Report

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

Risks are thus always taken and controlled on observation of two aspects of risk strategy: on the one hand there must be a sufficient amount of reserves available for the assumption of risk and on the other hand adequate earnings must be anticipated.

The active management of risks and portfolios in lending business is a central element in ensuring sustained success and the continued existence of the bank, particularly in view of the current general economic framework.

The regular risk inventory of die Sparkasse Bremen also gives it an overview of the risks in the Sparkasse Bremen Group.

According to the latest risk inventory carried out, the contribution to risk made by the subsidiaries of die Sparkasse Bremen is immaterial, so the following information refers to die Sparkasse Bremen itself.

At present the risk management system distinguishes five types of significant risk resulting from banking and business activities. These include counterparty risks (including investment risks and country risks), market price risks (including the risk of changes in interest rates and credit spread risks), liquidity risks, operational risks and equity risks. Risks resulting from fluctuations in earnings which may be caused by changes in business volumes or in margins are taken into account as significant sub-components of other types of risk.



# Overall Bank Management

The overall bank management and risk management approach of die Sparkasse Bremen is aligned to the requirements of the business model and is based on the following principles:

The Board of Managing Directors bears overall responsibility for the regular monitoring of all the risks, and it reviews the risk strategy at least once a year. This strategy is the guideline to be followed by all the bank divisions and in addition to the current risk situation, it is regularly discussed with the Supervisory Board.

Among other responsibilities, the Chairman of the Board of Managing Directors is in charge of strategic and operative planning and overall bank management of the Sparkasse Bremen Group. The Monitoring Director is responsible for risk controlling.

Die Sparkasse Bremen has set up its risk controlling system in accordance with MaRisk AT 4.4.1. The structural organisation of the risk controlling role is separated from the divisions responsible for initiating or concluding transactions.

The risk controlling role mainly performs the following tasks:

- Supporting the management in all the questions relating to the risk policy, notably concerning the development and implementation of a risk strategy and the design of a system to limit risks;
- Carrying out risk inventories and creating overall risk profiles;
- Supporting the management in further developing risk management and control processes;
- Further developing the system of key risk figures and the early risk detection procedure;
- Regularly monitoring the risk situation of the institution and its risk-bearing capacity, as well as compliance with established risk limits;
- Regularly preparing risk reports for the management;
- Responsibility for the processes for the immediate internal forwarding of significant information from a risk point of view.

Die Sparkasse Bremen has an institutionalised procedure in place in which all the significant organisational units of the savings bank are integrated for the purpose of strategic and operative planning. Responsibility for strategic planning activities lies with the Overall Bank Management Unit. Strategic planning is reviewed annually, resolved by the Board of Managing Directors and presented to the Supervisory Board for acknowledgement.

The Overall Bank Management Committee also conducts preparatory work for decisions to be taken on fundamental issues such as strategy, risk guarantee funds and risk limits. The activities of the Overall Bank Management Committee are based on the results produced by the Treasury and Credit Risk Control committees.

In the overall bank management committee budget deviations on operative planning are identified at an early stage with the help of monthly target/actual comparisons and necessary countermeasures initiated.

The risk management system regulates the structural and proce-

dural framework for controlling and monitoring risks. It is a significant component of overall bank management, which also involves outsourced divisions. Organisational requirements under § 25a of the German Banking Act (KWG) are met with the risk management system. Die Sparkasse Bremen has implemented an early detection system according to § 91 Paragraph 2 of the AktG, which serves to identify risks which would put the existence of the savings bank at risk and take appropriate countermeasures at an early stage. Target/actual comparisons of scheduled income and expense figures are prepared for each division, discussed with the responsible people and control measures developed. The savings bank regularly carries out risk inventories in order to cover all the essential risks. Significant risks are regularly assessed, made transparent and presented to the management and the relevant people at the location with responsibility.

At die Sparkasse Bremen, risk management processes are the responsibility of the Risk Control or the Credit Management unit. These units are answerable to the back office directors. They are responsible for the methods employed for all risk-relevant matters, for risk monitoring and for reporting. Depending on the dynamics of individual risk types or those tailored to the different addressees, and in addition to the daily risk reports, monthly reports on the development of all the risks are always made in the Group Board of Managing Directors or in the committees responsible, thus supporting the identification of risk and control measures in the institution's divisions at an early stage.

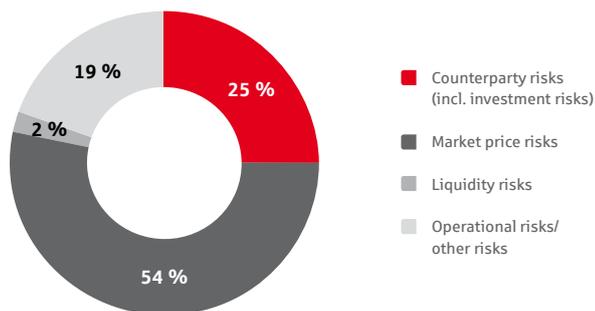
The core elements of risk reporting are the monthly risk reports and the quarterly credit risk reports, in which statements relevant to management concerning the development of available potential for covering risk, risk capacity utilisation, the development of the loan portfolio and the scope and development of risk provisions are summarised.

Risks are controlled at an early stage by way of the Overall Bank Management Committee, the Treasury Committee and the Credit Risk Management Divisions.

Over and above this, die Sparkasse Bremen has an early warning system for identifying country risks and risks with trading partners.

The fundamental aim of the risk management system is to be able to ensure that the bank is always able to bear the risks that are 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 stringent constraints. The limit system is aligned towards the economic 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. Overall risk constitutes aggregated, unexpected losses incurred in a given year, which, at a probability rate of 99.9 %, would not be exceeded. When aggregating the different types of risk, risk-mitigating correlations are not additionally taken into account.

## ALLOCATION OF RISKS AT DIE SPARKASSE BREMEN AS AT 31.12.2013



Regular risk-measurement activities are supplemented with an ongoing analysis and individual analysis of individual stress tests, inverse stress tests, scenarios and concentration risks. This makes it possible to better assess the conceivable effects of rare yet at the same time potentially serious events and market disruptions for die Sparkasse Bremen. With the help of these stress tests it is possible to determine the necessity to derive control measures at full bank and sub-portfolio levels at an early stage.

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.

Against the background of current developments on money markets and capital markets, supplementary analyses were carried out on selected portfolios and items in addition to the regular review of the limits, particularly with a view to country risks in the European area and supplemented with event-driven stress tests for different potential development scenarios in the eurozone. In this context, suitable strategies for action were defined.

Risks relating to the future development of the bank which could put its future existence at risk are identified with the risk inventory system, monitored with a comprehensive risk early warning system and supervised in regular analyses of stress tests. At present there is no evidence of risks which would put the existence of the bank at risk. In 2013, a risk-bearing capacity was given at all times in both steering committees. This also included the results of all the individual stress tests at a full-bank level. At no time did the bank fail to comply with regulatory requirements concerning its risk-bearing capacity.

Furthermore, the available potential to cover all the risks remained stable in 2013.

On an annual average, the aggregate of all the cash-value risks was significantly less than the available potential to cover the risks.

As per 31 December 2013 the ratio between equity capital included and the sum total of weighted risk-bearing assets, risks resulting from market risk items and the amount recognisable for operational risks, at an overall ratio of 11.0 %, significantly exceeded the minimum of 8% stipulated by the bank supervisory authorities.

Solvency coefficient	31.12.2013	31.12.2012	31.12.2011
Overall ratio	11.0 %	10.2 %	10.2 %

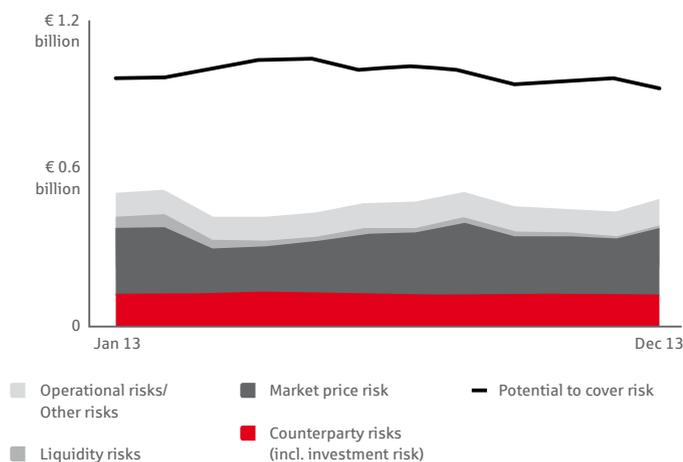
In the reporting period, die Sparkasse Bremen continued the project activities drafted at the end of 2011 in preparation for the regulatory requirements specified in Basel III. These requirements primarily aim at reinforcing the equity resources and the liquidity of credit institutions. Expected requirements for the future in terms of core capital ratios under

Basel III can be met. Due to the delayed publication of the financial guidelines and directives in 2013, remaining project activities are to be maintained in the reporting system in order to ensure the reporting capacity of the bank in 2014.

Work to implement the fourth amendment to the minimum requirements for risk management (MaRisk) is being carried out by die Sparkasse Bremen in compliance with regulatory deadlines.

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

## ACTUAL RISKS



## Counterparty Default Risk

Die Sparkasse Bremen understands counterparty default risk to be the risk of a decline in the value of a loan according to § 19 Paragraph 1 of the German Banking Act (KWG) if a business partner defaults or if the credit rating of a business partner deteriorates with the resulting risk that capital made available will not be repaid or will only be partly 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 the counterparty default risk throughout die Sparkasse Bremen. This value-at-risk (VaR) procedure applied on the basis of a credit portfolio review (CPR) enables a portfolio-oriented calculation to be carried out followed by a corresponding ascertainment of the utilisation of risk guarantee funds within the scope of inspecting borrower's default risks 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.

The assumption of counterparty default risks and the handling of these risks is defined in the credit risk strategy, which includes the strategic and business policy aims and limitations specified in the strategy. Important business policy specifications concerning the structural and operational organisation of lending business are laid down in organisational guidelines for lending business and summarised in an electronic loan manual.

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 and monitored in terms of yield and risk in the market-independent credit management unit and in the credit risk control committee.

Information on the significant structural features of the loan portfolio is given in the quarterly credit risk report. In addition to the management and the credit risk control committee, the main recipient of the report is the Credit Committee as a Supervisory Board committee.

Die Sparkasse Bremen employs different rating procedures for corporate and private customers and for trading partners as a significant instrument for assessing creditworthiness in lending business in order to ensure that risks are adequately estimated.

In this case savings-bank financial group procedures which determine a personal credit rating for each customer. In standardised private and corporate customer business and in individual business, the customer scoring, customer compact rating, standard rating and real-estate business rating methods are used. For special customer segments in corporate customer and trading business, the bank, corporates, leasing, project financing and ship financing modules are used. Additional external ratings were used in trading business. Suitable instruments for risk classification are thus available for private and corporate customer business and for trading business.

Decision-making authority for the approval of a credit is regulated in a graduated procedure according to the credit volume and the risk content. Risk-based credit decisions are thus taken at an adequate authorisation level, on the basis of detailed risk assessments by the market division. An additional risk evaluation in the form of a vote taken independently of the market division becomes essential when certain criteria arise. Credits as of a specified amount must be approved by the Credit Committee in accordance with the statutes or the rules of procedure for the Board of Managing Directors.

In order to identify risks resulting from its lending and trading business, die Sparkasse Bremen operates early warning systems for which market developments are taken into account when they are improved.

We put employees with special know-how in a Credit Management unit which is independent of the market unit to supervise credit exposures identified by the risk early warning system (intensive consulting) or credit exposures requiring debt readjustment (debt readjustment) and for cases of problem loans (liquidation).

Sufficient risk provisions are established for counterparty default risks. The adequacy of risk provisioning is regularly reviewed and adjusted if necessary. The market-independent Credit Management Unit is responsible in this case.

Investment risk, as a special form of counterparty default risk, is handled on the basis of a separate approach and controlled with the help of an independent investment controlling and reporting system which is applied at regular intervals.

## Market Price Risk

Die Sparkasse Bremen considers market price risk to be the risk of impairment to financial instruments due to fluctuations in market parameters such as interest rates, share prices and foreign currencies. Credit spread risks were also quantified as a significant risk component of market price risk and integrated in the risk management process.

The Board of Managing Directors stipulated risk limits for die Sparkasse Bremen market price risks. Compliance with these limits is monitored by Risk Controlling 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 is measured in accordance with the value-at-risk method (VaR). The VaR (confidence level of 99.9% and a holding period of 250 trading days) for all the market price risk items was below the defined risk limit in 2013 and rose during the course of the year. During the second half of the year the gradual increase in the term transformation gave rise to this expansion of risk.

## Liquidity Risk

On the one hand, die Sparkasse Bremen understands liquidity risk to be the risk that payment obligations due payable cannot be met or cannot be fully met. On the other hand, the term also covers the liquidity term transformation risk. This is the risk of the occurrence of a loss resulting from adjusting the internal refinancing curve through liquidity term transformation within a specific period.

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 risk is calculated and compared with a dispositive liquidity schedule (liquidity ladder) once a month in order to enhance the transparency of the short-term liquidity risk and the current liquidity situation at die Sparkasse Bremen. The diversification of the capital structure is also analysed on a quarterly basis.

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. Fluctuations in payment flows relating to financial instruments bearing variable interest rates are included in the system of interest-rate book management, while varying payments through customer disposals are controlled by the Treasury Divisions as part of the system of short-term liquidity management. Furthermore, the effects of rating migrations in general and shortages of liquidity in trading transactions are in particular

Daily back-testing is carried out on the trading portfolio and other significant portfolios in order to check the VaR risk model. The results of back testing, also when seen retrospectively for 2013, show that the model used is appropriate.

Extreme market fluctuations for the trading division are also simulated with the help of regularly-conducted stress tests.

The interest-rate book of die Sparkasse Bremen is separately controlled and monitored due to its significance. This is carried out by the Treasury Committee in an institutional procedure, with the support of the Treasury and Risk Control divisions. The investment committee specifies the internal interest-rate forecast for the bank. In the Treasury Committee the spreads and measures for controlling market price risks within the limits are specified.

We apply an active strategy for controlling the interest-rate book, which is adjusted by the Treasury Committee within defined limits in accordance with the current interest-rate estimation.

simulated. To supplement this, an analysis is made available with the monthly liquidity schedule in which expected probable inflows of funds are compared with expected probable outflows of funds. Moreover, the current contingency plan for the efficient management of liquidity risk, even in negative market situations, already fully meets the supplementary regulatory requirements.

Die Sparkasse Bremen has an early warning system in place to monitor liquidity risk on a daily basis. Liquidity risks are also taken into account in the inverse stress tests to be carried out every year.

The liquidity index according to the Liquidity Regulation regularly exceeded the required minimum standard in 2013, thus reflecting the stable liquidity situation of die Sparkasse Bremen.

German Liquidity Regulation	31.12.2013	31.12.2012	31.12.2011
Overall ratio	2.42	2.21	1.54

The overall ratio performed according to plan, since improved control instruments meant that an economically optimised system of liquidity management was operated in 2013.

Under its refinancing strategy, die Sparkasse Bremen primarily makes use of money market instruments, the issuing of registered bonds, bonded loans and Pfandbriefe for the purpose of controlling liquidity risk.



## Operational Risk

Die Sparkasse Bremen defines operational risk as the risk of incurring losses as a result of the inadequacy or failure of internal procedures, employees, 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 German Association of Savings Banks and Giro Banks (Deutsche Sparkassen- und Giroverband) in cooperation with many savings banks. In addition to the general basic concepts, this includes a loss event database as well as the methods applied for an annual inventory of risks and for the risk map, which is scheduled to be carried out again in 2014. Over and above this, die Sparkasse Bremen operates an indicator-based early warning system in order to identify operational risks in good time. A central service organisation management system is also in place in the Organisation and Information Technology Unit for the purpose of controlling existing service relationships and outsourced bank-related functions and dp functions. This system regularly monitors their performance according to § 25a of the German Banking Act (KWG), and is carried out as part of a quarterly outsourcing assessment. The most significant service organisations have also been integrated in the risk inventory and early warning systems.

Operational risks are identified and assessed in risk inventory and in the risk map on the basis of structurally prepared scenarios and qualitative questions.

The loss event database serves to systematically record losses incurred as a result of operational risk and follow-up measures. In 2013, as in previous years, actual losses resulting from operational risk were considerably lower than the calculated amount reserved for verifying the risk-bearing capacity of the bank in accordance with the basic indicator approach. The total for loss events rose above that of the previous year.

## Equity Risk

Die Sparkasse Bremen understands equity risk to be the risk of not being able to cover the equity requirements arising from the volume of business and of not being able to cover the related risks with a sufficient amount of equity.

Equity risk is managed according to MaRisk requirements by way of a capital planning process to calculate capital requirements coverage in future.

The calculations of capital requirements and equity are based

None of the information available showed that the risk inventory revealed any operational risks for die Sparkasse Bremen and its subordinated companies that would put their existence at risk in 2013.

The bank divisions are responsible for the valuation and control of the results determined with all the methods. 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) is integrated in the planning process at die Sparkasse Bremen.

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

Information and reliable processes are central resources for 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 the contingency and safety architecture is thus to comprehensively protect die Sparkasse Bremen and its customers against all the relevant risks with a combination of organisational, staff-related, technical and structural measures. This serves to secure the availability, integrity, confidentiality and binding nature of information and processes and to limit the magnitude of potential losses.

Contingency tests carried out and the existing emergency manuals and security guidelines all define this ambitious aim and the requirements for security management at die Sparkasse Bremen, its subsidiaries and its external service providers.

The central unit for prevention as part of the provisions of the German Banking Act (KWG) is supported by the central OpRisk Controlling division in the Risk Controlling Unit.

on standardised reporting system processes. This is followed by carrying out simulation calculations in order to estimate the bank's equity requirements in future.

Solvency is controlled in the Overall Bank Management Committee on taking account of internal target figures and external thresholds. Management decisions are implemented and/or coordinated by the Treasury Committee (equity management) and the Credit Risk Control Committee (equity requirements).

# Forecast Report

In the following we report on the expected development of die Sparkasse Bremen in the current accounting period. Our forecast is based on our current expectations and assumptions, which are in turn based on generally anticipated overall economic developments, our operative planning, our medium-term earnings projection and yearlong experience. However, any statement on future occurrences in itself bears the risk of developments effectively being quite different, particularly in times of a highly volatile general framework.

Generally speaking, we expect the growth trend in the German economy, which already became apparent in the second half of 2013, to continue in 2014. Current forecasts by various institutions justify expectations of an increase in the gross domestic product in the range of 1.5 % to 1.8 % in the coming year. Slight growth, mainly be supported by a few economies, is also expected for the eurozone in 2014. In our opinion, the business environment for banks will continue to be problematic in 2014. New EU specifications for regulating the banking sector and the reform of the European system for the protection of bank deposits will have a negative effect on the earnings situation, as will market interest rates, which we expect to remain at an historically low level, even if we do anticipate a slight rise in 2014 in the event of the materialisation of forecasts for the economy in the euro area.

Despite a difficult market environment, we presume that on the asset side, the fundamentally positive economic forecasts for 2014, also for the Bremen region, will see the volume of lending business conducted with customers continuing to grow, in terms of both corporate customer business and of housing business with private customers.

In business with corporate customers, we mainly expect real-estate transactions to continue to grow; on the other hand, in view of the reduction in government funding, we expect to see a slight decline in renewable energies. We will essentially continue to maintain stringent control over risk aspects relating to lending business, as we have done in the past, in order to guarantee the effective control and monitoring of the result of our evaluation. The focus on better credit ratings will result in lower margins.

In spite of the persistently high level of competition in deposit business, we expect the volume of investment business with customers to grow slightly, in particular also in terms of the investment and liquidity management business conducted with high net worth private and corporate customers. However, since interest rates remain low, the effect on deposit margins will in general continue to be negative.

Due to the prolonged low level of interest rates, we presume that in terms of earnings, interest income will hardly change in the current year in spite of an increase in the portfolios of business conducted with corporate and private customers.

We expect contributions to income from net commission income to increase slightly in the current year. We believe that in addition to building society savings and insurances, business will be driven mainly by securities due to the successful introduction of our own

asset management system. On the other hand, we expect commission income from lending business to decline slightly on the basis of expectations for lower income from project financing.

Besides these expected developments, other potential opportunities will arise provided that the effect from measures for a gradual, sustainable improvement in earnings, notably those defined in our strategy process and scheduled cost and process optimisation measures, is better than anticipated. Basically, additional risks may arise if economic development proves to be weaker than anticipated and if the associated forecast for the general environment does not come into being. We also subject our estimates to a risk analysis as part of the regular risk inventories we carry out, the aim being to quantify the economic effects of potential risk scenarios. We also use regular scenario analyses to ensure that we respond in good time to risks relating to interest and commission income which arise through deviations from an anticipated general environment. This stabilises the informative value of our projected data.

In view of persisting uncertainty concerning developments in the euro area in spite of initial positive tendencies, we believe that risks in the current year will mainly arise with respect to unscheduled changes in market interest rates, for example as a result of renewed distortions on the money markets and capital markets or as a result of further intervention by the European Central Bank. We have assessed the effects of these changes on the results of the savings bank in scenario analyses, and limited them with interest-rate book management measures.

We presume that administrative expenses will decrease slightly in the current year, and we expect a moderate decrease in staff expenses as a result of our ongoing measures to optimise processes and enhance productivity. We presume that the trend for material expenses will continue to be positive, to result in a slight decrease in 2014 as well. In this respect anticipated cost savings achieved with restructuring processes, completed in cooperation with our service organisations, will have the biggest effect.

We thus expect the cost-income ratio to improve slightly.

Due to the fact that additional negative effects in the area of ship financing cannot be ruled out, we have, on the basis of a conservative approach, provided for increased credit risk provisioning in our budget for the coming year.

In our opinion, no notable encumbrances are to be expected from the result of evaluation of securities in the current year. Against the background of an investment policy based on interest-rate and market developments, we thus presume that evaluation results for this segment will tend to be balanced. Die Sparkasse Bremen will continue to ensure that the risk structure of its direct and special fund investments is always balanced.

We expect net annual earnings for the current year to increase perceptibly again due to the aforesaid developments and the anticipated general macro-economic environment. The return on equity will develop on a stable level.



# Final Statement

In accordance with § 312 of the German Companies Act (AktG), we have prepared a report on relationships with affiliated companies. This report closes with the following statement: "In accordance with § 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 2013 reporting period."

Bremen, March 2014  
The Board of Managing Directors

# DIE SPARKASSE BREMEN AG

Annual accounts

# Annual Balance Sheet AS AT 31 DECEMBER 2013

ETS	€	€	€	€	PREVIOUS YEAR	T€
<b>1. Cash reserve</b>						
a) Cash on hand			63,845,737.74			67,405
b) Credit balance at the Deutsche Bundesbank			<u>76,666,682.97</u>			79,376
				<b>140,512,420.71</b>		<b>146,781</b>
<b>2. Debt instruments of public authorities and bills of exchange authorised for refinancing at the Deutsche Bundesbank</b>						
a) Treasury bills and non-interest bearing treasury certificates and similar debt instruments of public authorities			--			-
b) Bills of exchange			<u>--</u>			-
				--		-
<b>3. Loans and advances to banks</b>						
a) Due on demand			224,070,566.41			144,174
b) Other receivables			<u>563,442,236.02</u>			436,144
				<b>787,512,802.43</b>		<b>580,318</b>
<b>4. Loans and advances to customers</b>				<b>8,063,334,899.47</b>		<b>7,985,439</b>
<i>Of which:</i>						
<i>secured by mortgage liens</i>	3,295,548,675.19					3,307,681
<i>public sector loans</i>	127,929,383.84					147,271
<b>5. Debt securities and other fixed-interest securities</b>						
a) Money-market instruments						
aa) Issued by public-sector borrowers		--				-
<i>Of which:</i>						
<i>eligible to serve as collateral with the Deutsche Bundesbank</i>	--					-
ab) Issued by other borrowers		<u>--</u>	--			-
<i>Of which:</i>						
<i>eligible to serve as collateral with the Deutsche Bundesbank</i>	--					-
b) Bonds and debt securities						
ba) Issued by public-sector borrowers		350,580,973.50				537,316
<i>Of which:</i>						
<i>eligible to serve as collateral with the Deutsche Bundesbank</i>	350,580,973.50					537,316
bb) Issued by other borrowers		<u>557,857,265.43</u>	908,438,238.93			430,960
<i>Of which:</i>						
<i>eligible to serve as collateral with the Deutsche Bundesbank</i>	548,986,702.72					396,039
c) Debt securities issued by the institution itself				<u>--</u>		-
<i>Nominal amount</i>	--					-
				<b>908,438,238.93</b>		<b>968,276</b>
<b>6. Shares and other variable-yield securities</b>				<b>561,633,214.73</b>		<b>791,975</b>
<b>6a. Trading portfolio</b>				--		-
<b>7. Participating interests</b>				<b>140,145,258.28</b>		<b>130,773</b>
<i>Of which:</i>						
<i>in banks</i>	2.51					1
<i>in financial institutions</i>	3,929,833.63					3,930
<b>8. Shares in affiliated companies</b>				<b>101,239,927.87</b>		<b>97,701</b>
<i>Of which:</i>						
<i>in banks</i>	12,848,745.36					12,887
<i>in financial institutions</i>	--					-
<b>9. Assets held in trust</b>				<b>5,836,418.33</b>		<b>11,709</b>
<i>Of which:</i>						
<i>Loans on a trust basis</i>	5,071,397.85					10,944
<b>10. Intangible assets</b>						
a) Internally produced industrial property rights and similar rights and assets			--			-
b) Licenses acquired for consideration, industrial property rights and similar rights and assets and licenses for such rights and assets			387,749.55			424
c) Goodwill			--			-
d) Advance payments			<u>--</u>			-
				<b>387,749.55</b>		<b>424</b>
<b>11. Tangible assets</b>				<b>75,463,266.90</b>		<b>81,208</b>
<b>12. Other assets</b>				<b>40,877,105.48</b>		<b>34,609</b>
<b>13. Prepaid expenses</b>				<b>2,661,984.13</b>		<b>3,146</b>
<b>Total assets</b>				<b>10,828,043,286.81</b>		<b>10,832,359</b>

EQUITY AND LIABILITIES		€	€	€	€	PREVIOUS YEAR	T€
<b>1. Liabilities to banks</b>							
a) Due on demand				187,431,446.48			161,011
b) With an agreed term or notice period				<u>2,052,068,223.96</u>			2,407,238
						<b>2,239,499,670.44</b>	<b>2,568,249</b>
<b>2. Liabilities to customers</b>							
a) Savings deposits							
aa) With an agreed period of notice of three months		2,973,566,819.64					2,832,396
ab) With an agreed period of notice of more than three months		<u>131,740,248.16</u>		3,105,307,067.80			151,664
b) Other receivables							
ba) Due on demand		3,472,946,112.04					3,001,066
bb) With an agreed term or notice period		<u>726,834,871.11</u>		<u>4,199,780,983.15</u>			934,617
						<b>7,305,088,050.95</b>	<b>6,919,743</b>
<b>3. Securitised liabilities</b>							
a) Issued debt securities				69,561,392.88			139,518
b) Other securitised liabilities				<u>-,-</u>			-
Of which:							
money-market instruments	-,-						-
issued by the institution itself and promissory notes in circulation	-,-						-
						<b>69,561,392.88</b>	<b>139,518</b>
<b>3a. Trading portfolio</b>						<u>-,-</u>	-
<b>4. Liabilities held in trust</b>						<b>5,836,418.33</b>	<b>11,709</b>
Of which:							
loans on a trust basis	5,071,397.85						10,944
<b>5. Other liabilities</b>						<b>21,363,711.75</b>	<b>29,358</b>
<b>6. Deferred income</b>						<b>4,054,885.55</b>	<b>4,507</b>
<b>7. Provisions</b>							
a) Provisions for pensions and similar obligations				296,327,365.00			267,076
b) Tax provisions				3,723,834.11			3,409
c) Other provisions				<u>30,985,159.91</u>			41,402
						<b>331,036,359.02</b>	<b>311,887</b>
<b>8. Subordinated liabilities</b>						<b>186,824,114.66</b>	<b>164,308</b>
<b>9. Participatory capital</b>						<b>22,000,000.00</b>	<b>22,000</b>
Of which:							
due within two years	-,-						-
<b>10. Funds for general banking risks</b>						<b>40,029,306.84</b>	<b>40,000</b>
Of which:							
Special item for general banking risks in accordance with § 340g HGB	29,306.84						-
<b>11. Equity</b>							
a) Issued capital							
aa) Issued capital		370,000,000.00					370,000
ab) Silent participations		<u>13,000,000.00</u>		383,000,000.00			53,000
b) Capital reserves				47,041,959.68			47,042
c) Retained earnings							
ca) Legal reserve		-,-					-
cb) Reserve for the bank's own shares		-,-					-
cc) Statutory reserves		-,-					-
cd) Other retained earnings		<u>161,583,099.29</u>		161,583,099.29			132,111
d) Net profit				<u>11,124,317.42</u>			18,927
						<b>602,749,376.39</b>	<b>621,080</b>
<b>Total equity and liabilities</b>						<b>10,828,043,286.81</b>	<b>10,832,359</b>
<b>Contingent liabilities</b>							
a) Contingent liabilities under rediscounted and settled bills of exchange				-,-			-
b) Liabilities from guarantees and indemnity agreements				447,691,326.75			460,656
c) Liability from the provision of collateral for third-party debts				<u>-,-</u>			-
						<b>447,691,326.75</b>	<b>460,656</b>
<b>Other obligations</b>							
a) Obligation to repurchase from sales with an option to repurchase				-,-			-
b) Placement and underwriting obligations				-,-			-
c) Irrevocable credit commitments				<u>297,652,883.72</u>			386,587
						<b>297,652,883.72</b>	<b>386,587</b>



# Statement of Income FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013

	€	€	€	€	PREVIOUS YEAR T€
<b>1. Interest income from</b>					
a) Lending and money market transactions		362,362,548.36			379,767
b) Fixed-income and book entry securities		<u>8,010,588.46</u>	370,373,136.82		11,198
<b>2. Interest expense</b>			<u>174,147,715.39</u>		192,856
				<b>+196,225,421.43</b>	<b>+198,109</b>
<b>3. Current income from</b>					
a) Shares and other variable-yield securities			22,167,891.15		23,631
b) Participating interests			6,015,379.28		3,292
c) Shares in affiliated companies			<u>1,522,016.91</u>		1,295
				<b>29,705,287.34</b>	<b>28,218</b>
<b>4. Income from profit pooling, profit transfer and partial profit transfer agreements</b>				<b>5,989,663.81</b>	<b>5,542</b>
<b>5. Commission income</b>			62,501,791.27		61,629
<b>6. Commission expense</b>			<u>4,823,874.60</u>		4,695
				<b>+57,677,916.67</b>	<b>+56,934</b>
<b>7. Net income or net expenditure relating to the trading portfolio</b>				<b>263,761.57</b>	<b>-3,364</b>
<b>8. Other operating income</b>				<b>27,004,186.17</b>	<b>23,122</b>
<b>9. General administrative expenses</b>					
a) Staff expenses					
aa) Wages and salaries		79,604,307.88			77,423
ab) Social contributions and expenditure on pension schemes and other benefits		<u>36,542,777.79</u>	116,47,085.67		19,381
<i>Of which:</i>					
<i>for pension schemes</i>	23,950,215.71				7,105
b) Other administrative expenses			<u>86,384,635.22</u>		88,186
				<b>202,531,720.89</b>	<b>184,990</b>
<b>10. Amortisation and write-downs of tangible and intangible assets</b>				<b>6,083,554.43</b>	<b>7,155</b>
<b>11. Other operating expenses</b>				<b>36,649,392.69</b>	<b>32,089</b>
<b>12. Write-downs of and value adjustments to claims and certain securities and allocations to provisions for lending business</b>			16,780,079.61		-
<b>13. Income from write-ups of claims and certain securities and reversal of provisions for lending business</b>			<u>-.-</u>		19,189
				<b>-16,780,079.61</b>	<b>+19,189</b>
<b>14. Amortisation and write-downs of Participating interests, shares in affiliated companies and securities treated as fixed assets</b>			12,928,833.70		10,302
<b>15. Income from write-ups of participating interests, shares in affiliated companies and securities treated as fixed asset</b>			<u>-.-</u>		-
				<b>-12,928,833.70</b>	<b>-10,302</b>
<b>16. Expenses on assumption of losses</b>				<b>10,493,533.83</b>	<b>3,569</b>
<b>17. Allocations to or transfers from the funds for General banking risks</b>				<b>0.00</b>	<b>-40,000</b>
<b>18. Profit on ordinary activities</b>				<b>+31,399,121.84</b>	<b>+49,645</b>
<b>19. Extraordinary income</b>			-.-		-
<b>20. Extraordinary expenses</b>			<u>5,064,603.00</u>		5,065
<b>21. Profit on extraordinary activities</b>				<b>-5,064,603.00</b>	<b>5,065</b>
<b>22. Taxes on income and earnings</b>			3,641,126.18		6,390
<b>23. Other taxes</b>			<u>469,075.24</u>		363
				<b>4,110,201.42</b>	<b>6,753</b>
<b>24. Profit for the year</b>				<b>22,224,317.42</b>	<b>37,827</b>
<b>25. Profit/loss brought forward from the previous year</b>				-.-	-
<b>26. Withdrawals from capital reserves</b>				-.-	-
<b>27. Transfer from retained earnings</b>					
a) from the legal reserve			-.-		-
b) from the reserve for the bank's own shares			-.-		-
c) from statutory reserves			-.-		-
d) from other retained earnings			<u>-.-</u>	-.-	-
<b>28. Transfer to retained earnings</b>					
a) to the legal reserve			-.-		-
b) to the reserve for the bank's own shares			-.-		-
c) to statutory reserves			-.-		-
d) to other retained earnings			<u>11,100,000.00</u>		18,900
				<b>11,100,000.00</b>	<b>18,900</b>
<b>29. Net profit</b>				<b>11,124,317.42</b>	<b>18,927</b>

# NOTES

## I. Accounting and Valuation Methods

We have prepared our annual financial statements in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch), the German Companies Act (Aktiengesetz), the German Regulation on Accounting Principles Relating to Financial Institutions and Financial Services Institutions (RechKredV) and our statutes. In accordance with § 340i of the German Commercial Code (HGB) in conjunction with § 296 Paragraph 2 of the German Commercial Code, no sub-consolidated accounts were prepared, since the subsidiaries are of secondary significance 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 remaining terms in accordance with § 9 of the German Regulation on Accounting Principles Relating to Financial Institutions and Financial Services Institutions (RechKredV) for specific balance sheet items and sub-items was shown in the notes to the financial statements. Proportionate interest was not allocated to the various remaining maturity periods in accordance with the option provided for in § 11 of the German Regulation on Accounting Principles Relating to Financial Institutions and Financial Services Institutions (RechKredV).

### Loans and advances to customers and banks

Balance sheet items were reported at their nominal value. Non-interest bearing and low-interest bearing receivables were discounted at an average refinancing rate. Specific loan loss provisions were established in order to take account of discernible risks in lending business. General provisions for doubtful debts cover latent risks in the portfolio of receivables. The requirement to reverse write-downs was observed for evaluating credits. Bills of exchange were reported at their current value.

### Securities

Securities in the investment portfolio and the liquidity reserve 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 securities. In the previous year, selected securities in the investment portfolio were valued in accordance with the mitigated principle of the lower of cost or market, and investment certificates were in some cases not written down to lower redemption prices if this did not result from permanent impairment to the relevant investments.

### Trading portfolio

We had no trading item in the portfolio at the end of the year. Financial instruments in the trading portfolio are always valued at fair value less a deduction for risk (value-at-risk). In accordance with IDW RS BFA 2, this value is deducted in a single amount from the larger of the respective "trading portfolio" balance sheet items (assets or liabilities).

Die Sparkasse Bremen did not change the criteria defined in the institutes for the inclusion of financial instruments in the trading portfolio during the course of the accounting period.

Die Sparkasse Bremen applies the value-at-risk deductions calculated for the system of internal risk control for risk deductions that need to be taken into account. In this case a holding period of 10 trading days, an observation period of 250 trading days and a confidence level of 99.9 % were assumed.

Die Sparkasse Bremen does not report its current and deferred income and its current and prepaid expenses resulting from trading portfolios in the net income or net expenditure of the trading portfolio, but in the corresponding items of the statement of income, since this complies with the system of internal management.

### Shares in affiliated companies and participating interests

Shares in affiliated companies and participating interests were all recognised at acquisition cost or, if special circumstances exist, at lower values. Participating interests were valued according to the mitigated principle of the lower of cost or market, since reporting at the level of individual participating interests was carried out according to said principle. The requirement to reverse write-downs was observed in this case.

### Intangible and tangible assets

These were all valued at acquisition cost, and consumable assets were depreciated by applying the straight-line or declining-balance method of depreciation.

On exercising options from the first-time application of the German Accounting Law Modernisation Act, a small proportion of tangible assets continued to be depreciated at the highest rates permissible under fiscal law in accordance with the declining-balance method, provided that these assets had been included by 2009.

In the 2008 and 2009 accounting periods, die Sparkasse Bremen applied permissible tax regulations in accordance with an amendment to § 6 Paragraphs 2 and 2a of the German Income Tax Act (EstG) (creation of compound items relating to a specific year involving a consistent reversal in recognition of profit or loss over a period of five years) for fixed assets of minor value. Historic acquisition costs and accumulated depreciation are to be cancelled from the books on the balance sheet reporting dates at the end of the five-year period. The fixed assets in the compound item from 2009 were thus reported as a disposal in the statement of changes in non-current assets as at 31 December 2013. The compound item from 2008 was subsequently written off in the 2013 accounting period, and will also be recognised as a disposal in this year's statement of assets. Since the 2010 accounting period, assets of minor value up to a value of € 410 (excluding input tax) have been fully amortised in the year of their acquisition due to their insignificance for die Sparkasse Bremen.

### Other assets

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



## Registered bonds issued by die Sparkasse Bremen

The registered bonds re-acquired prematurely at the request of customers were deducted from the respective balance sheet item on the liabilities side.

## Liabilities

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

## Provisions

Discernible risks and contingent liabilities were all accounted for on the basis of prudent business judgement. Provisions were recognised at their settlement amount required on the basis of prudent business judgement and discounted in the case of a remaining term of more than one year. The discount rate applied was based on the matching maturity interest rate published by the Deutsche Bundesbank in accordance with the German regulations on discounting provisions.

The utilisation of the option under Article 67 Paragraph 1 Clause 2 of the introductory law of the German Commercial Code (EGHGB) resulted in excessive allocations for some provisions in the total amount of € 0.1 million as at 31 December 2013. The provisions were retained unchanged as these excessive allocations will probably need to be allocated again by 31 December 2024.

Provisions for pensions and similar obligations were calculated on an updated basis (2005 G Heubeck mortality tables) on application of the projected unit credit method. Upon exercising the option under § 253 Paragraph 2 Clause 2 of the German Commercial Code (HGB), they were discounted at the average market rate of interest of the past seven years resulting from an assumed remaining term of 15 years as published by the Deutsche Bundesbank. The discount rate is 4.89 %. Furthermore, a salary increase of 2.7 %, an increase in pensions of 1.6 % and an increase in the assessment basis under social security legislation of 1.3 % p.a. were applied as a basis.

In exercising the option under Article 67 Paragraph 1 Clause 1 of the introductory law of the German Commercial Code (EGHGB), the addition to provisions for pensions resulting from the revaluation of provisions for pensions and similar obligations will have accumulated to not less than one fifteenth in each accounting period by 31 December 2024. The amount still to be transferred was € 55.5 million as at 31 December 2013.

## Currency translation

Assets in foreign currencies which are treated as fixed assets are translated into euros at their purchase rate. Currency was translated in accordance with the provisions of § 340h of the German Commercial Code (HGB) in conjunction with § 256a of the German Commercial Code and IDW RS BFA 4.

Most of the balance sheet stocks in foreign currencies and nearly all of the spot exchange, forward and option transactions that have not been concluded and were not fully allocated to the trading portfolio are considered to be separately covered transactions (special cover) under § 340h of the German Commercial Code. In this case the special cover is based on a cover according to the amount of the transactions included, without taking account of congruent maturities. Special-cover transactions are valued at their spot or forward rate, with both rates being based on the reference quotation of the European Central Bank.

The currency of the remaining balance sheet stocks and transactions was translated in accordance with the provisions of § 256a of the German Commercial Code (HGB).

The exchange-rate gains and losses calculated on the basis of translation are reported in other operating income (Item 8) or other operating expenses (Item 11) of the statement of income.

## Valuation units

The respective hedge transactions are designed in such a manner that the risk-relevant parameters of underlying transactions are completely reversed as at the balance-sheet reporting date and during the term of the underlying transaction (critical terms match). Derivative transactions for third account and reversed hedge transactions concluded with banks with reliable credit ratings are in each case combined in a micro valuation unit.

Pending transactions with a nominal value of € 305.0 million are included as underlying transactions in valuation units in accordance with § 254 Clause 1 of the German Commercial Code (HGB). Each of these valuation units was a micro valuation unit. Derivative financial instruments were used to hedge these transactions against interest rate risks.

## Assessment of the net realisable value of interest-rate related transactions in the banking book (interest book)

A present value method was applied for reviewing the assessment of the net realisable value of the banking book according to IDW RS BFA 3. An overall assessment of all the interest-bearing assets and liabilities including the derivatives was made for the general risk of changes in interest rates. Expected administrative expenses and risk costs up to the date of full settlement were all taken into account. Product-related yield curves were used as a basis for the interest-rate yield curve. There was no excess liability and it was not necessary to establish a provision.

## Derivatives

Derivative financial instruments were always valued individually in accordance with the imparity principle 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. 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

<b>On 3. Loans and advances to banks</b>		
<b>Other loans and advances to banks – sub-item b) – include receivables with remaining terms of</b>		
– less than 3 months	199,811	
– more than 3 months but less than 1 year	343,653	
– more than 1 year but less than 5 years	2,231	
– more than 5 years	266	
<b>Item 3 contains:</b>		
– Receivables from affiliated companies (previous year 4,464)		5,215
– Receivables from companies in which an equity investment exists (previous year 147)		953
– Receivables from the bank's own central giro institution		5,855
– Subordinated receivables (previous year -)		-
<b>On 4. Loans and advances to customers</b>		
<b>Loans and advances to customers include receivables</b>		
– with an indefinite term	763,048	
<b>and receivables with remaining terms of</b>		
– less than 3 months	409,242	
– more than 3 months but less than 1 year	513,542	
– more than 1 year but less than 5 years	1,950,111	
– more than 5 years	4,423,119	
<b>Item 4 contains:</b>		
– Receivables from affiliated companies (previous year 41,227)		43,353
– Receivables from companies in which an equity investment exists (previous year 115,077)		255,333
– Subordinated receivables (previous year 5,608)		5,158
– including receivables from affiliated companies (previous year 608)	158	
– including receivables from companies in which an equity investment exists (previous year -)	-	
<b>On 5. Debt securities and other fixed-interest securities</b>		
<b>Of the debt securities and other fixed-interest securities the following amount will become due in the coming year</b>		39,258
<b>Item 5 contains:</b>		
– Marketable securities and listed securities		903,638
– Marketable securities and unlisted securities		4,800
– Investment securities (previous year 252,140)		216,081
– Securities not evaluated at the lower of cost or market value (previous year 36,222)		-
– Subordinated securities (previous year 5,456)		-
<b>On 6. Shares and other variable-yield securities</b>		
<b>Item 6 contains:</b>		
– Marketable securities and listed securities		50,188
– Marketable securities and unlisted securities		59,289
– Investment securities (previous year 791,975)		561,633
– Securities not evaluated at the lower of cost or market value (previous year 174,449)		-
– Subordinated securities (previous year -)		-
– Special fund shares		317,485
<p>In accordance with § 92 of the German Investment Act) (InvG), 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 fully accumulated by the companies.</p>		



Investment asset pool with a share of more than 10 %:

Fund	Carrying amount 31.12.2013	Market value 31.12.2013	Difference	Distribution 2013	Daily redemption possible	Use of LOCOM
<b>Share funds</b>						
BremenKapital Aktien	8,000	8,034	-34	8	Yes	Yes
<b>Mixed funds</b>						
BremenKapital Dynamik	9,826	9,826	-	14	Yes	Yes
BremenKapital Ertrag	10,000	10,190	-190	38	Yes	Yes
BremenKapital Ertrag Plus	10,000	10,018	-18	38	Yes	Yes
BremenKapital Wachstum	9,876	9,876	-	20	Yes	Yes
BremenKapital Zertifikate	7,587	7,587	-	54	Yes	Yes
HI Bremen 7	97,694	97,694	-	4,508	Yes	Yes
HI Bremen 9	97,567	97,567	-	1,950	Yes	Yes
HI Bremen 10	70,684	70,906	-222	4,600	Yes	Yes
HI Bremen 11	51,540	52,231	-691	-	Yes	Yes
IP Opti Flex 2009	5,000	5,296	-296	-	Yes	Yes
<b>Bond funds</b>						
BremenKapital Renten Off.	4,000	4,090	-90	25	Yes	Yes

#### On 6a. Trading portfolio

##### Item 6a is to be broken down as follows:

- Derivative financial instruments	-
- Receivables	-
- Debt securities and other fixed-interest securities	-
- Shares and other variable-yield securities	-
- Other assets	-
- <b>Sub-total</b>	-
- Deduction for risk	-
- <b>Total</b>	-

#### On 7. Participating interests

Item 7 does not contain any marketable securities.

#### On 8. Shares in affiliated companies

Item 8 does not contain any marketable securities.

#### On 9. Assets held in trust

##### Assets held in trust are:

- loans and advances to customers	5,071
- other assets	765

**On 10. and 11. Intangible assets and tangible assets**

<b>Development of intangible assets and tangible assets:</b>	Intangible assets	Tangible assets
Acquisition cost at beginning of the year	15,727	246,724
Additions	132	3,588
Disposals	912	20,373
Accumulated depreciation	14,559	154,476
Balance sheet values at year-end	388	75,463
Depreciation in the accounting period	167	5,917

**Item 11 on tangible assets includes:**

– Land and buildings utilised within the scope of savings bank activities	42,979
– Operating and office equipment	11,009

**On 12. Other assets****Item 12 includes:**

– Financial assets (previous year: 83)	83
----------------------------------------	----

**Exceptional individual items:**

– Subordinated assets (silent participations)	10,000
– Claims for tax refunds	8,352
– Receivables from affiliated companies	7,610

**On 13. Prepaid expenses****Item 13 includes:**

– Discounts on liabilities (previous year 376)	606
– Premiums on receivables (previous year 1,205)	734



## Equity and liabilities

### On 1. Liabilities to banks

#### Liabilities to banks with an agreed term or notice period

##### – Sub-item b) – include liabilities with a remaining term of

– less than three months	201,212
– more than 3 months but less than 1 year	84,273
– more than 1 year but less than 5 years	784,692
– more than 5 years	1,009,628

#### Item 1 contains:

– Liabilities to affiliated companies (previous year 7,517)	11,502
– Liabilities to companies in which an equity investment exists (previous year 5,983)	1,850
– Liabilities to the bank's own giro institution	1,586

Assets amounting to € 1,195.8 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 a remaining term of

– less than three months	29,678
– more than 3 months but less than 1 year	72,506
– more than 1 year but less than 5 years	26,643
– more than 5 years	2,912

#### Other liabilities to customers with an agreed term or notice period

##### – Sub-item b) bb) – include liabilities with a remaining term of

– less than 3 months	134,101
– more than 3 months but less than 1 year	84,454
– more than 1 year but less than 5 years	243,822
– more than 5 years	251,299

#### Item 2 contains:

– Liabilities to affiliated companies (previous year 38,545)	71,282
– Liabilities to companies in which an equity investment exists (previous year 19,557)	36,387

### On 3. Securitised liabilities

The following amount will become due in the coming year for issued debt 26,356

#### securities Item 3 contains:

– Liabilities to affiliated companies (previous year 1,352)	2,483
– Liabilities to companies in which an equity investment exists (previous year 15,400)	1,884

### On 4. Liabilities held in trust

#### Liabilities held in trust are:

– Liabilities to banks	5,071
– Liabilities to customers	765

### On 5. Other liabilities

#### Exceptional individual items:

– Liabilities to affiliated companies	8,252
– Tax on investment income withheld from our customers	4,531
– Option premiums received	2,394

For margin obligations resulting from EUREX transactions included in this item, securities in the amount of € 10.0 million were pledged as collateral.

## On 6. Deferred income

Item 6 includes discounts on receivables (previous year 4,015):

3,730

## On 8. Subordinated liabilities

Item 8 includes:

- Liabilities to affiliated companies (previous year 1,021)
- Liabilities to companies in which an equity investment exists (previous year 214)

1,021

214

In the 2013 accounting period the following interest expenses were incurred for liabilities recognised under this item:

6,972

The portfolio covers Euro bearer debt securities and registered debt securities with fixed interest rates and terms for the period from 2014 to 2028. No early payment or conversion to capital or any other form of debt has been provided for.

## On 9. Participatory capital

The portfolio covers 3 registered participatory certificates. No new participatory certificates were issued in the 2013 accounting period.

## On 10. Funds for general banking risks

Under § 340e Paragraph 4 of the German Commercial Code (HGB), an amount of € 29,000 was allocated to the portfolio from the net income of the trading portfolio for the first time.

## On 11. Equity

The registered capital amounts to € 370 million and comprises 370,000 no-par value denominated shares. The shares are all held by the financial holding of die Sparkasse in Bremen. Subscribed capital includes a silent participation to the amount of EUR 13 million with a remaining term of four years and 6 months.

In accordance with a resolution passed at the Annual General Meeting of 22 May 2013, the accumulated profits for 2008, to the amount of € 18.4 million, were appropriated to other retained earnings.

The Board of Managing Directors proposes to the Annual General Meeting that € 11.1 million of the unappropriated retained earnings for 2013 in the amount of € 10.5 million be allocated to retained earnings and € 0.6 million be paid out to the financial holding of die Sparkasse Bremen.

## On contingent liabilities (first item below the line)

Contingent liabilities are subject to organisational credit assessment, decision and monitoring processes. The approval of a credit and credit monitoring is contingent on the amount of individual risk. Relevant credit authorities are defined subject to the volume and the credit rating of a borrower, so that risk-based credit decisions are always taken at an adequate level. Liabilities resulting from contingent liabilities to third parties entered into to the benefit of borrowers are not to be carried as liabilities, since the underlying liabilities will in all probability be met by the borrowers so that a claim is unlikely to occur

## On other obligations (second item below the line)

Irrevocable credit commitments mainly cover loans which have been partly made available and not yet fully paid out. Irrevocable credit commitments are subject to organisational assessment, decision and monitoring processes. No significant default risks can be recognised.



### III. Other Balance Sheet Disclosures

#### Foreign currency due and foreign currency owing

Assets and liabilities denominated in foreign currencies total an equivalent of € 277.5 million and € 281.8 million respectively.

#### Deferred taxes

Deferred tax liabilities on the basis of taxable temporary differences mainly result from differences in reporting participating interests in business partnerships in the commercial and tax balance sheet. These are compensated with deferred tax assets due to deductible temporary differences resulting from different methods of recognising receivables, securities and provisions in the commercial and tax balance sheet. The aggregated resulting surplus deferred tax assets were not reported upon exercising the option in § 274 Paragraph 1 Clause 2 of the German Commercial Code.

#### Other financial obligations

Obligations arising from rental, licensing and maintenance agreements for the coming financial years currently total € 6.2 million p.a. The rental agreement with the longest term expires on 31 August 2028. The resulting liability amounts to € 0.2 million p.a.

In the area of participating interests, unpaid call-in obligations and obligations to make additional contributions currently amount to € 33.7 million.

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

#### 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 die Sparkasse in Bremen, Am Brill 1–3 in 28195 Bremen, has notified us in accordance with § 20 Paragraphs 1 and 4 of the German Companies Act (AktG) 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 reporting date 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 credit derivatives.

NOMINAL VALUES						MARKET VALUES		
Remaining term	Up to and inc. 1 year	More than 1 year but less than 5	More than 5 yrs	Total	Of which trading portfolio	Positive	Negative	
	€ m.	€ m.	€ m.	€ m.	€ m.	€ m.	€ m.	
<b>Interest-rate related transactions</b>								
OTC-Products	465.0	2,120.9	2,547.8	5,133.7	0.0	56.0	254.7	
Stock-exchange transactions	-	-	-	-	-	-	-	
<b>Currency-related transactions</b>								
OTC products	532.9	108.1	21.9	662.9	0.0	9.2	8.8	
Stock-exchange transactions	-	-	-	-	-	-	-	
<b>Transactions bearing other risks</b>								
OTC products	-	9.8	-	9.8	0.0	9.8	-	
Stock-exchange transactions	-	-	-	-	-	-	-	
<b>Total</b>				<b>5,806.4</b>	<b>0.0</b>			

### 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.

### 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 on the date of evaluation.

### Forward exchange contracts

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

### Credit derivatives

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

### Currency options

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



## Pfandbriefe

### Additional information on Pfandbriefe according to § 2 Paragraph 1 of the German accounting regulations for financial institutions and financial service institutions (RechKredV)

Classification of individual balance sheet items for regulations applicable for Pfandbrief banks shows the following additional information as at 31 December 2013:

ASSETS	in € m.	in € m.	2013 in € m.	2012 in € m.
<b>3. Loans and advances to banks</b>				
a) Mortgage loans		--		-
b) Publicsector loans		--		-
c) Other receivables		787.5		580.3
			787.5	580.3
<i>Of which:</i>				
<i>due on demand</i>	224.1			144.2
<i>against lending on securities</i>	--			-
<b>4. Loans and advances to customers</b>				
a) Mortgage loans		3,295.5		3,307.7
b) Publicsector loans		127.9		147.3
c) Other receivables		4,639.9		4,530.4
			8,063.3	7,985.4
<i>Of which:</i>				
<i>against lending on securities</i>	10.3			7.6
<b>13. Prepaid expenses</b>				
a) from issuing business and lending business		1.4		1.6
b) Other		1.3		1.5
			2.7	3.1
<b>EQUITY AND LIABILITIES</b>				
<b>1. Liabilities to banks</b>				
a) Issued registered mortgage Pfandbriefe		40.0		20.0
b) Issued registered public-sector Pfandbriefe		--		-
c) Other liabilities		2,199.5		2,548.2
			2,239.5	2,568.2
<i>Of which:</i>				
<i>due on demand</i>	187.4			161.0
<i>to secure loans taken up and provided to the lender:</i>				
<i>Registered mortgage Pfandbriefe</i>	--			-
<i>and registered public-sector Pfandbriefe</i>	--			-
<b>2. Liabilities to customers</b>				
a) Issued registered mortgage Pfandbriefe		175.1		160.1
b) Issued registered public-sector Pfandbriefe		--		-
c) Savings deposits				
ca) With an agreed notice period of three months		2,973.6		2,832.4
cb) With an agreed notice period of more than three months		131.7		151.7
d) Other liabilities		4,024.7		3,775.5
			7,305.1	6,919.7
<i>Of which:</i>				
<i>due on demand</i>	3,472.9			3,001.1
<i>to secure loans taken up and provided to the lender:</i>				
<i>Registered mortgage Pfandbriefe due on demand</i>	--			-
<i>and registered public-sector Pfandbriefe</i>	--			-
<b>3. Securitised liabilities</b>				
a) Issued debtsecurities				
aa) Mortgage Pfandbriefe		--		-
ab) Public-sector Pfandbriefe		--		-
ac) Other debtsecurities		69.6		139.5
			69.6	139.5
<b>6. Deferred income</b>				
a) From issuing business and lending business		4.1		4.4
b) Other		--		0.1
			4.1	4.5

Die Sparkasse Bremen AG is a Pfandbrief bank. Regular transparency requirements as laid down in § 28 of the German Covered Bond Act (PfandBG) are met through publication on our website at [www.sparkasse-bremen.de](http://www.sparkasse-bremen.de)

	2013 in € m.	2012 in € m.
<b>PfandBG § 28 Paragraph 1 No. 1</b>		
Mortgage Pfandbriefe outstanding		
Nominal value	215.1	180.1
Present value	240.9	217.3
Risk-adjusted present value <sup>1)</sup> stresstest +250 BP	196.5	174.4
Risk-adjusted present value <sup>1)</sup> stresstest -250 BP	287.1	251.4
Cover		
Nominal value	625.3	473.3
Present value	708.4	561.6
Risk-adjusted present value <sup>1)</sup> stresstest +250 BP	630.5	496.0
Risk-adjusted present value <sup>1)</sup> stresstest -250 BP	766.8	595.2
Overcollateralisation		
Nominal value	410.2	293.2
Present value	467.5	344.3
Risk-adjusted present value <sup>1)</sup> stresstest +250 BP	434.0	321.6
Risk-adjusted present value <sup>1)</sup> stresstest -250 BP	479.7	343.8
<sup>1)</sup> Static method acc.to the German Pfandbrief Net Value Regulation (PfandBarwertV)		
<b>PfandBG § 28 Paragraph 1 No. 2</b>		
Term structure of mortgage Pfandbriefe outstanding		
Less than 1 year	0.0	0.0
More than 1 year but less than 2 years	0.0	0.0
More than 2 years but less than 3 years	0.0	0.0
More than 3 years but less than 4 years	0.0	0.0
More than 4 years but less than 5 years	0.0	0.0
More than 5 years but less than 10 years	123.0	93.0
From 10 years	92.1	87.1
Guarantee fund fixed interest period		
Less than 1 year	61.1	28.0
More than 1 year but less than 2 years	41.8	47.5
More than 2 years but less than 3 years	66.4	32.4
More than 3 years but less than 4 years	74.5	29.8
More than 4 years but less than 5 years	67.4	70.4
More than 5 years but less than 10 years	251.8	222.0
From 10 years	62.3	43.2
<b>PfandBG § 28 Paragraph 1 No. 3</b>		
There are no derivatives in the guarantee fund.		
<b>PfandBG § 28 Paragraph 1 No. 4</b>		
The guarantee fund contains other cover assets acc. to § 19 Paragraph 1 No. 2 PfandBG:		
	30.0	10.0
Of which cover assets acc.to § 4 Paragraph 1 PfandBG	30.0	10.0



PfundBG § 28 Paragraph 2 Nr. 1	2013		2012	
	in € m.		in € m.	
a) Total amount of the guarantee fund applied at its nominal value by volume category				
Loan cover				
– less than € 300,000	480.8	379.2		
– more than € 300,000 but less than € 5 m.	100.8	65.0		
– more than € 5 m.	13.7	19.1		
Surplus cover				
– less than € 300,000	0.0	0.0		
– more than € 300,000 but less than € 5 m.	0.0	0.0		
– more than € 5 m.	30.0	10.0		
b) Total amount of receivables applied as security by states in which the property serving as security is located <sup>1)</sup> Federal Republic of Germany	595.3	463.3		
c) Total amount of receivables applied as security by type of use <sup>1)</sup>	Land and buildings used for residential purposes		Land and buildings used for commercial purposes	
	2013	2012	2013	2012
	in € m.	in € m.	in € m.	in € m.
Apartments	85.4	64.5		
Single-family houses	315.5	247.7		
Multiple-family houses	97.1	81.2		
Office buildings			6.5	5.9
Commercial buildings			2.5	2.3
Industrial buildings			31.9	24.1
Other buildings used for commercial purposes			56.4	37.6
New buildings in progress, not yet productive			0.0	0.0
Building sites			0.0	0.0
<b>§ 28 Paragraph 2 No. 2 PfandBG</b>	2013		2012	
	in € m.		in € m.	
Total of payments in arrears by at least 90 days <sup>1)</sup>	0.0	0.0		
<b>§ 28 Paragraph 2 No. 3 PfandBG</b>	Land and buildings used for residential purposes		Land and buildings used for commercial purposes	
	2013	2012	2013	2012
	Number	Number	Number	Number
a) Number of pending foreclosure suits and compulsory administration suits as at 31 December 2013	0	0	0	0
Number of foreclosures executed in the accounting period	0	0	0	0
b) Assumption of land in the accounting period	0	0	0	0
	2013	2012	2013	2012
	in € m.	in € m.	in € m.	in € m.
c) Interest in arrears	0.0	0.0	0.0	0.0

<sup>1)</sup> No property as security outside Germany

## IV. Explanatory notes to the Statement of Income

### On 1.a) Interest income

This item includes around 8 % of income relating to other periods around half of which relates to control measures in the interest-rate book.

### On 2. Interest expense

This item includes € 31,000 from the change to the discounting of long-term provisions.

### 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 € 6,525,000 in income from the reversal of accruals, € 5,455,000 in reimbursements of administrative expenses and € 2,895,000 in other fees from lending business.

Income from currency conversions in the amount of € 1,077,000 was reported.

### On 11. Other operating expenses

This item includes expenses from the change to the discounting of long-term provisions in the amount of € 24,730,000 and expenses for currency conversions in the amount of € 77,000.

### On 21. Profit on extraordinary activities

This item exclusively includes expenses resulting from conversion to comply with the provisions of the German Accounting Law Modernisation Act.

## V. Other Information

### Equity holding

Equity holdings of not less than 20 % in other companies insofar as not insignificant:	Shares in capital End of 2013 in %	Equity 2012 in € 000	Earnings <sup>3</sup> 2012 in €
<b>Name and registered office of the company</b>			
nwk nordwest Kapitalbeteiligungsgesellschaft der Sparkasse Bremen mbH, Bremen	100.0	71,500 <sup>2</sup>	0 <sup>1</sup>
BREBAU GmbH, Bremen	48.8	55,361	7,672
nwu nordwest Unternehmensbeteiligungsgesellschaft der Sparkasse Bremen mbH, Bremen	100.0	30,000 <sup>2</sup>	0 <sup>1</sup>
Öffentliche Versicherung Bremen, Bremen	20.0	6,020	60
nwkb nordwest-kredit Bearbeitungsgesellschaft der Sparkasse Bremen mbH, Bremen	100.0	1,500 <sup>2</sup>	0 <sup>1</sup>
nwi nordwest international Servicegesellschaft mbH, Bremen	100.0	1,000 <sup>2</sup>	0 <sup>1</sup>
KV Kapitalbeteiligungs- und Vermögensverwaltungs-GmbH, Bremen	100.0	501 <sup>2</sup>	0 <sup>1</sup>
nwd nordwest-data Servicegesellschaft der Sparkasse in Bremen mbH, Bremen	100.0	385 <sup>2</sup>	0 <sup>1</sup>
s mobile finanzberatung Gesellschaft der Sparkasse Bremen mbH, Bremen	100.0	125 <sup>2</sup>	0 <sup>1</sup>
nwm nordwest-media Servicegesellschaft der Sparkasse in Bremen mbH, Bremen	100.0	100 <sup>2</sup>	0 <sup>1</sup>
S-Consult Hanseatische Unternehmensberatung-GmbH, Bremen	100.0	51 <sup>2</sup>	0 <sup>1</sup>
Bremer Schoss Grundstücksverwaltungsgesellschaft mbH, Bremen	100.0	42 <sup>2</sup>	0 <sup>1</sup>
nws nordwest-service & catering Gesellschaft der Sparkasse in Bremen mbH, Bremen	100.0	25 <sup>2</sup>	0 <sup>1</sup>
<b>Please note:</b>			
<sup>1</sup> Profit surrender contracts have been concluded with these companies			
<sup>2</sup> 2013 equity and income			
<sup>3</sup> Recognised profit/loss for the year of the respective enterprise			
<b>Sparkasse Bremen participating interests in major corporate entities and in banks and insurance companies that exceed 5 % of the voting rights:</b>			
<b>Name and registered office of the company</b>	Shares in capital in %		
BREBAU GmbH, Bremen	48.8		
Öffentliche Versicherung Bremen, Bremen	20.0		
Bürgschaftsbank Bremen GmbH, Bremen	10.7		
neue leben Pensionsverwaltung AG, Hamburg	8.0		
neue leben Holding AG, Hamburg	7.8		
Wincor Nixdorf Portavis GmbH, Hamburg	7.0		
Die Sparkasse Bremen AG, Bremen, is a full subsidiary of the financial holding of Sparkasse in Bremen, Bremen. The financial holding of the Sparkasse in Bremen, Bremen, prepares consolidated financial statements in which die Sparkasse Bremen AG, Bremen is included. The consolidated financial statements are published in the electronic federal register.			
<b>Total amount of fees paid to the legal auditor</b>			
Expenses for the accounting period include € 0.8 million for the audit of the annual financial statements and € 0.2 million for other certification services.			



## Governing Bodies

### Supervisory Board

Dipl.-Bw. Gerhard Harder, Chairman

Dipl.- Kfm. Klaus Ziegler, Vice Chairman

Dipl.- Kfm. Joachim M. Clostermann

Björn Drenkwitz

Alexander Künzel

Dipl.-Kfm. Otto Lamotte

Dipl.-Kffr. Janina Marahrens-Hashagen

Heiko Oerter

Volker Stange

Retired Chairman of the Board of Management of swb AG

Managing Partner of NordCap GmbH & Co. KG

Tax consultant and chartered accountant with Clostermann & Jasper Partnerschaft Firm of chartered accountants / tax consultants

Die Sparkasse Bremen AG employee

Chairman of the Board of Management of Bremer Heimstiftung (foundation)

Managing Director of HENRY LAMOTTE OILS GmbH

Managing Partner of H. Marahrens-Schilderwerk, Siebdruckerei, Stempel GmbH

Die Sparkasse Bremen AG employee

Die Sparkasse Bremen AG employee

Loans granted to the members of the Supervisory Board amounted to € 0.8 million on the balance sheet reporting date.

### Emoluments

In the 2013 accounting period, members of the Supervisory Board received € 0.2 million in remuneration for the performance of their duties on the Supervisory Board and in the Supervisory Board committees.

### Board of Managing Directors

Dr. rer. nat. Tim Nesemann

Joachim Döpp

Thomas Fürst

Dr. rer. pol. Heiko Staroßom

Chairman of the Board of Management

Loans granted to the members of the Board of Managing Directors amounted to € 1.2 million on the balance sheet reporting date.

### Emoluments

Members of the Board of Managing Directors were remunerated to the amount of € 1.8 million, of which € 1.6 million was paid in fixed remuneration and € 0.2 million in variable remuneration. Former members of the Board of Management and their dependants received € 1.4 million; pension obligations for this group of people amount to € 18.0 million, of which an amount of € 2.6 million will have been accumulated by 31 December 2024 in exercising the option pertaining to Article 67 Paragraph 1 Clause 1 of the introductory law of the German Commercial Code (EGHGB).

## Mandates

The following legal representatives or other employees of die Sparkasse Bremen held mandates in the supervisory bodies required by law for major corporate entities or in the supervisory bodies of banks and insurance companies:

### Dr. Tim Nesemann

BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877–  
 DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co.  
 Freie Internationale Sparkasse S.A.  
 GEWOBA Aktiengesellschaft Wohnen und Bauen  
 NRS Norddeutsche Retail-Service AG

SB  
 SB  
 SB, Chairman  
 SB  
 SB

### Thomas Fürst

Bremer Toto-Lotto GmbH  
 Diakonische Behindertenhilfe gemeinnützige GmbH  
 Freie Internationale Sparkasse S.A.  
 LBS Landesbausparkasse Bremen AG  
 neue leben Holding AG  
 neue leben Pensionskasse AG  
 neue leben Pensionsverwaltung AG  
 neue leben Unfallversicherung AG  
 Sparkassen Kreditpartner GmbH

SB  
 SB, Chairman  
 SB  
 SB, Vice Chairman  
 SB  
 SB  
 SB  
 SB  
 SB

### Joachim Döpp

Öffentliche Versicherung Bremen

SB, deputy member

### Dr. Heiko Staroßom

BREBAU GmbH  
 Öffentliche Versicherung Bremen

SB, Vice Chairman  
 SB

### Holm Diez

LBS Landesbausparkasse Bremen AG

SB

### Thorsten Roth

Freie Internationale Sparkasse S.A.

SB

### Bernhard Ruschke

Wincor Nixdorf Portavis GmbH

SB

## Employees

Annual average employment:

Full-time employees	940 <sup>1</sup>
Part-time and temporary end-of-month employees	485 <sup>1</sup>
	<b>1,425</b>
Apprentices	84
<b>Total</b>	<b>1,509</b>

<sup>1</sup> Of which commercial employees

– Full-time employees	0
– Part-time and temporary end-of-month employees	49

Bremen, 19 Februar 2014

Die Sparkasse Bremen AG  
 – The Board of Managing Directors –

Dr. Tim Nesemann

Joachim Döpp

Thomas Fürst

Dr. Heiko Staroßom



# Auditor's Report

We have audited the annual financial statements prepared by die Sparkasse Bremen AG, Bremen, comprising the balance sheet, the Income statement and the notes to the consolidated financial statements, together with the accounts and the management report, for the accounting period from 01 January 2013 to 31 December 2013. The accounts and the preparation of the annual financial statements and the management report in accordance with German commercial law and supplementary provisions of the Statutes is the responsibility of the legal representatives of die Sparkasse. Our responsibility is to express an opinion on the annual financial statements, including the accounts and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer (IDW)). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of die Sparkasse and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the accounts, annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles applied and significant estimates made by the legal representatives as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the statutes and give a true and fair view of the net assets, financial position and results of operations of die Sparkasse in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the position of die Sparkasse and suitably presents the chances and risks of future development..

Hamburg, 24. April 2014

**The audit office of the**

**Hanseatic Savings Bank and  
Girobank Association**

**(Hanseatischer Sparkassen-  
und Giroverband)**

**Guiddir**

*Chartered Accountant*

## For further information please contact

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International Division

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Germany

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E-mail [mail@sparkasse-bremen.de](mailto:mail@sparkasse-bremen.de)

### Head of International Division

Prof. Dr. iur. Christoph Graf v. Bernstorff,  
Executive Vice President – Ext. 2367

### Foreign Trade Finance

Horst Neugebauer, Vice President - Ext. 3405  
Heiko Hirsig, Assistant Vice President – Ext. 3384

### Foreign Exchange

Dealing / Money Market  
Bernd Etmer, Vice President – Ext. 3310  
Günter Spanjer, Assistant Vice President – Ext. 3687

### Document Collection

Thomas Gädje, Assistant Vice President – Ext. 2183

### International Payments

Thomas Markwitz, Assistant Vice President – Ext. 2181



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Beratungs-  
qualität

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