

## Consolidated financial statements

### Statement of comprehensive income

for the period from 1 January to 31 December 2009

€m	Notes	2009	2008	Change	
Interest and similar income		3,769.1	4,863.6	-1,094.5	-22.5%
Interest expenses		3,316.4	4,473.3	-1,156.9	-25.9%
<b>Net interest income</b>	[31]	<b>452.7</b>	<b>390.3</b>	<b>62.4</b>	<b>16.0%</b>
Provisions for loan losses	[32]	-352.4	-291.9	-60.5	-20.7%
<b>Net interest income after provisions for loan losses</b>		<b>100.3</b>	<b>98.4</b>	<b>1.9</b>	<b>1.9%</b>
Commission income		2,280.2	2,705.9	-425.7	-15.7%
Commission expenses		1,300.2	1,747.4	-447.2	-25.6%
<b>Net commission income</b>	[33]	<b>980.0</b>	<b>958.5</b>	<b>21.5</b>	<b>2.2%</b>
<b>Trading profit or loss</b>	[34]	<b>354.7</b>	<b>505.1</b>	<b>-150.4</b>	<b>-29.8%</b>
Profit or loss on financial instruments designated at fair value	[35]	-43.3	-752.7	709.4	94.2%
Profit or loss from fair value hedges in accordance with IAS 39	[36]	-10.0	-1.3	-8.7	(< -300%)
Profit or loss on financial investments	[37]	-26.3	-45.3	19.0	41.9%
Administrative expenses	[38]	806.0	808.2	-2.2	-0.3%
<b>Other operating profit</b>	[39]	<b>-29.2</b>	<b>-3.7</b>	<b>-25.5</b>	<b>(&lt; -300%)</b>
<b>Net income before tax</b>		<b>520.2</b>	<b>-49.2</b>	<b>569.4</b>	<b>(&gt; 300%)</b>
Income taxes	[40]	149.6	50.5	99.1	196.2%
Interest expenses for atypical silent capital contributions		22.2	16.1	6.1	37.9%
<b>Net income (before minority interests)</b>		<b>348.4</b>	<b>-115.8</b>	<b>464.2</b>	<b>(&gt; 300%)</b>
Minority interests		-37.9	-34.8	-3.1	-8.9%
<b>Net income for the year</b>		<b>386.3</b>	<b>-81.0</b>	<b>467.3</b>	<b>(&gt; 300%)</b>
Profit or loss on available-for-sale financial instruments not recognised in income		1.0	5.5	-4.5	-81.8%
Profit or loss on available-for-sale financial instruments recognised in income		-0.2	-0.4	0.2	50.0%
<b>Profit or loss on available-for-sale financial instruments</b>		<b>0.8</b>	<b>5.1</b>	<b>-4.3</b>	<b>-84.3%</b>
Change in deferred taxes not recognised in income		-0.2	-1.5	1.3	86.7%
Currency translation adjustments		0.7	3.9	-3.2	-82.1%
Other consolidated income		1.3	7.5	-6.2	-82.7%
<b>Net income for the period under IFRS</b>		<b>387.6</b>	<b>-73.5</b>	<b>461.1</b>	<b>(&gt; 300%)</b>

**Balance sheet**

as at 31 December 2009

€m	Notes	31.12.2009	31.12.2008	Change	
<b>Assets</b>					
Cash reserves	[41]	285.7	1,457.2	-1,171.5	-80.4%
Due from banks	[14], [42]	38,834.7	43,983.7	-5,149.0	-11.7%
(net after provisions for loan losses amounting to)	[15], [44]	(374.5)	(183.9)	190.6	103.6%
Due from customers	[14], [43]	23,863.4	29,759.2	-5,895.8	-19.8%
(net after provisions for loan losses amounting to)	[15], [44]	(256.2)	(124.4)	131.8	105.9%
Financial assets at fair value	[17], [45]	63,214.4	55,820.5	7,393.9	13.2%
(of which deposited as collateral)		(7,118.9)	(5,098.8)	2,020.1	39.6%
Positive market values from fair value hedges in accordance with IAS 39	[18], [46]	206.4	142.9	63.5	44.4%
Financial investments	[19], [47]	6,034.6	6,606.4	-571.8	-8.7%
(net after provisions for loan losses amounting to)		(9.6)	(31.9)	-22.3	-69.9%
(of which deposited as collateral)		(114.2)	(84.8)	29.4	34.7%
Intangible assets	[20], [48]	118.7	146.9	-28.2	-19.2%
Property, plant and equipment	[21], [49]	39.9	43.4	-3.5	-8.1%
Income tax assets	[23], [50]	278.8	319.7	-40.9	-12.8%
Other assets	[22], [51]	406.7	329.4	77.3	23.5%
<b>Total assets</b>		<b>133,283.3</b>	<b>138,609.3</b>	<b>-5,326.0</b>	<b>-3.8%</b>
<b>Liabilities</b>					
Due to banks	[24], [52]	23,225.8	30,320.1	-7,094.3	-23.4%
Due to customers	[24], [53]	23,773.4	33,745.0	-9,971.6	-29.5%
Securitised liabilities	[24], [54]	25,047.2	27,102.0	-2,054.8	-7.6%
Financial liabilities at fair value	[17], [55]	53,784.4	40,141.1	13,643.3	34.0%
Negative market values from fair value hedges in accordance with IAS 39	[18], [56]	495.3	512.3	-17.0	-3.3%
Provisions	[25], [26], [57], [58]	355.3	297.8	57.5	19.3%
Income tax liabilities	[23], [59]	398.1	255.8	142.3	55.6%
Other liabilities	[27], [60]	670.8	964.2	-293.4	-30.4%
Subordinated capital	[28], [61]	1,980.6	1,978.7	1.9	0.1%
Atypical silent capital contributions	[29], [62]	52.4	52.4	0.0	0.0%
<b>Equity</b>	[30], [63]	<b>3,500.0</b>	<b>3,239.9</b>	<b>260.1</b>	<b>8.0%</b>
a) Subscribed capital		286.3	286.3	0.0	0.0%
b) Capital reserves		190.3	190.3	0.0	0.0%
c) Reserves from retained earnings		2,987.5	2,630.6	356.9	13.6%
d) Revaluation reserve		2.5	1.9	0.6	31.6%
e) Currency translation reserve		4.1	3.4	0.7	20.6%
f) Accumulated profit/loss (consolidated profit)		28.6	28.6	0.0	0.0%
g) Minority interests		0.7	98.8	-98.1	-99.3%
<b>Total liabilities</b>		<b>133,283.3</b>	<b>138,609.3</b>	<b>-5,326.0</b>	<b>-3.8%</b>

**Statement of changes in equity**

for the period from 1 January to 31 December 2009

€m	Paid-in equity		Group equity generated	
	Subscribed capital	Capital reserves	Reserves from retained earnings	Consolidated profit/loss
<b>Holdings as at 31.12.2007</b>	286.3	190.3	2,793.0	28.6
Net income for the year				-81.0
Currency translation adjustments				
Profit or loss on available-for-sale financial instruments not recognised in income				
Profit or loss on available-for-sale financial instruments recognised in income				
Change in deferred taxes not recognised in income				
Other consolidated income				
<b>Net income for the period under IFRS</b>	-	-	-	-81.0
Changes in the scope of consolidation and other changes			-6.8	-46.0
Transfer reserves from retained earnings			-155.6	155.6
Distribution				-28.6
<b>Holdings as at 31.12.2008</b>	286.3	190.3	2,630.6	28.6
Net income for the year				386.3
Currency translation adjustments				
Profit or loss on available-for-sale financial instruments not recognised in income				
Profit or loss on available-for-sale financial instruments recognised in income				
Change in deferred taxes not recognised in income				
Other consolidated income				
<b>Net income for the period under IFRS</b>	-	-	-	386.3
Changes in the scope of consolidation and other changes			-0.8	
Allocation to reserves from retained earnings			357.7	-357.7
Distribution				-28.6
<b>Holdings as at 31.12.2009</b>	286.3	190.3	2,987.5	28.6

Other consolidated income		Total before minority interests	Minority interests	Equity
Revaluation reserve	Currency translation reserve			
-1.7	-0.5	3,296.0	0.8	3,296.8
		-81.0	-34.8	-115.8
	3.9			
5.5				
-0.4				
-1.5				
3.6	3.9	7.5	-	7.5
3.6	3.9	-73.5	-34.8	-108.3
		-52.8	132.8	80.0
		-	-	-
		-28.6	-	-28.6
1.9	3.4	3,141.1	98.8	3,239.9
		386.3	-37.9	348.4
	0.7			
1.0				
-0.2				
-0.2				
0.6	0.7	1.3	-	1.3
0.6	0.7	387.6	-37.9	349.7
		-0.8	-60.2	-61.0
		-	-	-
		-28.6	-	-28.6
2.5	4.1	3,499.3	0.7	3,500.0

## Cash flow statement

for the period from 1 January to 31 December 2009

€m	2009	2008
<b>Net income</b>	<b>348.4</b>	<b>-115.8</b>
<b>Non-cash items in net income and adjustments to reconcile net profit with cash flow from operating activities</b>		
+/- Write-downs and write-ups		
on receivables and financial investments	367.8	241.7
on intangible assets and property, plant and equipment	41.7	20.2
+/- Allocation to/reversal of provisions	131.2	235.7
+/- Profit or loss from fair value hedges in accordance with IAS 39	10.0	1.3
+/- Other non-cash items	287.4	19.9
+/- Profit or loss on the disposal of financial investments and property, plant and equipment	0.0	-0.2
+/- Other adjustments	-1,086.8	-1,201.3
<b>= Sub-total</b>	<b>99.7</b>	<b>-798.5</b>
<b>Change to assets and liabilities arising from operating activities</b>		
+/- Due from banks	4,890.1	2,321.3
+/- Due from customers	5,456.6	-5,208.1
+/- Financial assets at fair value	-5,453.1	-16,208.7
+/- Financial investments	969.1	-3,321.8
+/- Other assets arising from operating activities	-37.7	-356.3
+/- Due to banks	-6,959.1	4,876.5
+/- Due to customers	-9,893.7	6,965.7
+/- Securitised liabilities	-1,977.7	-2,662.4
+/- Financial liabilities at fair value	11,151.9	16,578.2
+/- Other liabilities arising from operating activities	-284.5	383.1
+ Interest received	3,705.5	3,895.1
+ Dividends received	42.8	685.7
- Interest paid	-2,364.1	-3,649.3
- Income tax payments	-10.9	-63.3
<b>Cash flow from operating activities</b>	<b>-665.1</b>	<b>3,437.2</b>
+ Proceeds from the disposal of		
equity investments	0.3	0.2
property, plant and equipment	0.0	0.2
intangible assets	1.7	0.0
- Disbursements for the purchase of		
financial investments classified as held to maturity	-458.8	-2,713.4
equity investments	-6.2	-8.6
shares in investments accounted for using the equity method	-4.0	0.0
intangible assets	-9.9	-18.7
property, plant and equipment	-1.9	-14.1
- Disbursements for the purchase of shares in associated, unconsolidated companies	-0.1	-4.1
+/- Changes in scope of consolidation	3.0	88.2
<b>Cash flow from investing activities</b>	<b>-475.9</b>	<b>-2,670.3</b>
- Payments to company owners and minority interests	-1.3	-7.8
- Dividends paid	-28.6	-28.6
- Outflow of funds from subordinated capital	-0.4	-57.0
+/- Changes in scope of consolidation	-0.3	0.0
<b>Cash flow from financing activities</b>	<b>-30.6</b>	<b>-93.4</b>
= Changes to cash and cash equivalents	-1,171.6	673.5
+/- Other effects	0.1	-0.2
+ Cash and cash equivalents at the start of the period	1,457.2	783.9
<b>Cash and cash equivalents at the end of the period</b>	<b>285.7</b>	<b>1,457.2</b>

The cash flow statement shows the change in the DekaBank Group's cash balance during the financial year. The item cash and cash equivalents corresponds to the balance sheet item cash reserves (see note [41]).

The cash flow from operating activities is determined using the indirect method, i.e. net income is adjusted first by non-cash items, especially revaluations and allocations to provisions. The item other adjustments mainly includes the reclassification of interest and dividends received as cash and interest and income tax payments made during the financial year which have to be reported separately in accordance with IAS 7.

The cash flow from investing activities shows the proceeds and disbursements relating to items whose purpose relates in principle to long-term investment or use.

Financing activities encompass equity as well as cash flows from atypical silent capital contributions and from subordinated capital.

The cash flow statement is of minor importance for banks as it does not provide any information about the actual liquidity position. For details of DekaBank Group's liquidity risk management, please see the risk report.

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## Notes

### Accounting principles

The consolidated financial statements of DekaBank Deutsche Girozentrale have been prepared in accordance with the International Financial Reporting Standards (IFRS). The standards published and adopted by the European Union at the time the financial statements were prepared and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) apply. Account is also taken of the national regulations of the German Commercial Code (HGB) under Section 315a HGB. The management report was prepared in accordance with Section 315 HGB.

The consolidated financial statements comprise the balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and the notes.

Changes in the accounting standards relevant to the DekaBank Group are explained below:

#### Amendments to IFRS 3 and IAS 27

On 12 June 2009, the European Union incorporated the amended standards IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements) into Community law. The amendments to IFRS 3 relate in particular to the reporting of acquisition-related costs for business combinations, accounting for minority interests, contingent purchase price payments and successive company acquisitions. As part of the revision of IAS 27, changes were made to the accounting for changes in shareholdings with and without loss of control as well as new regulations on the allocation of losses between group and minority companies. The amendments are to be applied for financial years commencing after 1 July 2009 and earlier application is permissible. DekaBank has not applied them in advance. They are not expected to have any material impact on the consolidated financial statements.

#### Amendments to IFRS 7: Improved disclosure for financial instruments

The disclosure regulations for financial instruments were revised and extended as part of the amendments to IFRS 7 (Financial Instruments: Disclosures) incorporated into Community law by the European Union in November 2009. In future, the total value of financial instruments measured at fair value is to be shown using a three-level fair value hierarchy. Explanations must be provided for any significant movements between the different levels. Furthermore, the disclosure obligations regarding liquidity risk were clarified and extended with regard to financial guarantees and derivative financial liabilities. DekaBank has applied the amended IFRS 7 to the consolidated financial statements.

#### Amendments to IAS 39

Amendments to IAS 39 (Financial Instruments: Recognition and Measurement) were incorporated into Community law by the European Union in the reporting year. These relate in particular to the accounting for hedges and financial instruments with embedded derivatives. Application of the amendments was mandatory for DekaBank as of 1 January 2010. We do not expect the first-time application of the amendments to have a material impact on the consolidated financial statements of DekaBank.

#### Publication of IFRS 9

In November 2009, the IASB published the IFRS 9 standard (Financial Instruments) regulating the categorisation and recognition of financial instruments. The amendments provide in future two categories for the measurement of financial assets – measurement at amortised cost and measurement at fair value. IFRS 9 has to be applied as of 2013. The standard has not yet been incorporated into Community law by the European Union and is therefore not relevant for the consolidated financial statements.

## Segment reporting

### [1] Explanation of segment reporting

In accordance with IFRS 8, the segment reporting is based on the management approach. This requires that the segment information is presented in line with the internal reporting as submitted to the Chief Operation Decision Maker on a regular basis for decision-making, resource allocation and performance assessment purposes.

In principle, the DekaBank Group's management reporting is based on the IFRS reporting standards. As net income before tax is only conditionally suitable for internal managing the business divisions, in 2005 the economic result was defined as the central management indicator. In line with the requirements of IFRS 8, since 2007 the economic result has also been included in the external reporting as material segment information.

In addition to net income before tax, the economic result comprises changes in the revaluation reserve as well as the interest rate-related valuation result from original lending business and underwriting business. This essentially refers to financial instruments of the loans and receivables and held to maturity category, which are measured at amortised cost in the consolidated financial statements and whose interest-rate related valuation result is also included in internal reporting. Consequently, the existing economic hedges which do not meet the criteria for hedge accounting under IAS 39 or for which hedge accounting may not be applied, are illustrated in full for internal management purposes. There are also differences in the reporting for internal derivatives and the accounting for minority interests. The measurement and reporting differences versus the IFRS consolidated financial statements are shown in "reconciliation to Group income before tax" in the "reconciliation" column. A reconciliation to Group income before tax is therefore ensured at all times.

The following segments correspond to the business division structure of the Group as also used in internal reporting. The segments are defined by the different products and services of the Group:

#### Asset Management Capital Markets

The segment Asset Management Capital Markets consists of all the Group's activities concerning capital market-based asset management for private and institutional customers. In addition to funds and structured investment concepts, the product range also includes products from selected international co-operation partners. The Group's investment funds cover all the major asset classes, sometimes in conjunction with guaranteed, discount and bonus structures. The offering for private retirement pensions encompasses fund-based Riester and Rürup products. The segment also comprises advisory, management and asset management mandates for institutional customers as well as Institutional Sales. The range of services offered by the segment also includes the Master KAG activities, which institutional customers can use to pool their assets under management with one investment company. The Asset Management Capital Markets segment also comprises services for custodial accounts, fund administration as well as central fund management services.

#### Asset Management Property

All property-related activities of the DekaBank Group are pooled in the Asset Management Property segment. This encompasses property investment products for private and institutional investors. The product range includes open-ended mutual and special property funds, individual property funds, property funds of funds as well as real estate finance and infrastructure finance funds. The segment also includes the purchase and sale of property, management of these assets including all other property-related services (real estate management) as well as product development of Group-wide property-based activities.

Real Estate Lending completes the Asset Management services offered with financial solutions for third parties, thus offering professional property investors various exit routes.

## Corporates & Markets

The Corporates & Markets segment comprises the lending activities that are suitable for Asset Management, the trading and sales activities of Capital Markets and Treasury business. The segment acts as a central service provider for intra-Group and external Asset Management customers. Short-term products are a major focus of the trading and sales activities, as is the structuring of equity and interest rate derivatives for funds and savings banks. The Corporates & Markets segment also encompasses all activities relating to exchange traded funds (ETFs) covering product development, management, market making and ETF sales. The lending business comprises the management and product launch of credit assets, e.g. trade/export finance, public sector and infrastructure financing, which are suitable for Asset Management or meet the needs of institutional customers. In addition, Corporates & Markets includes liquidity positioning and liquidity risk management as well as asset/liability management.

## [2] Segmentation by operating business divisions

	Asset Management Capital Markets		Asset Management Property		Corporates & Markets	
	Economic result					
€m	2009	2008	2009	2008	2009	2008
Net interest income	20.5	5.8	77.5	46.1	307.2	114.1
Net risks	–	–	–82.7	38.4	–178.9	–180.4
Net commission income	714.7	665.3	165.8	158.4	94.4	128.9
Net financial income <sup>2)</sup>	–20.2	–27.2	–2.9	1.7	513.3	547.6
Other income	–27.1	–14.3	1.8	–17.3	0.3	–3.7
<b>Total income</b>	<b>687.9</b>	<b>629.6</b>	<b>159.5</b>	<b>227.3</b>	<b>736.3</b>	<b>606.5</b>
Administrative expenses (including depreciation)	348.7	387.9	138.9 <sup>3)</sup>	121.7	208.3	198.3
Restructuring expenses <sup>4)</sup>	8.9	0.2	–2.6	0.5	0.8	–
<b>Total expenses</b>	<b>357.6</b>	<b>388.1</b>	<b>136.3</b>	<b>122.2</b>	<b>209.1</b>	<b>198.3</b>
<b>(Economic) result before tax</b>	<b>330.3</b>	<b>241.5</b>	<b>23.2</b>	<b>105.1</b>	<b>527.2</b>	<b>408.2</b>
Cost/income ratio <sup>5)</sup>	0.51	0.62	0.57	0.64	0.23	0.25
Group risk (Value-at-risk) <sup>6)</sup>	312	336	210	344	1,571	1,723
Assets under management	130,115	123,515	21,128	18,941	4,654	1,844
Gross loan volume under Section 19 (1) KWG	–	–	7,104	7,848	131,712	133,874

<sup>1)</sup> There is no figure for cost/income ratio and Group risk for the segment Corporate Centres/Other as these ratios are not meaningful here.

<sup>2)</sup> This includes income from trading positions, non-trading financial income, income from other financial investments as well as income from repurchased debt instruments.

<sup>3)</sup> This includes goodwill amortisation of €25m.

## Corporate Centres/Other

Income and expenses that are not attributable to the operating segments are reported under Corporate Centres/Other. These relate essentially to overhead costs for the Corporate Centres as well as the profit or loss on the investment of capital and reserves at risk-free interest.

## Non-core business

In financial year 2009, DekaBank further refined its business model as the central asset manager for the *Sparkassen-Finanzgruppe*. This included pooling the credit portfolios and structured capital market credit products of the former Credits and Liquid Credits portfolios that are less suitable for product solutions in Asset Management in a new non-core business segment. Portfolios are allocated to the non-core business segment primarily on the basis of strategic considerations. The segment includes trade and export finance not covered by government export credit insurance, leveraged financing as well as structured capital market credit products such as asset or mortgage backed securities, collateralised loan obligations and synthetic products, which are now monitored and managed separately. In the previous year, these portfolios were still allocated to the Corporates & Markets segment. To improve comparability, the figures for this period have been adjusted accordingly.

Corporate Center/ Other <sup>1)</sup>		Total core business		Non-core business		Group		Reconciliation		Group	
Economic result				Economic result		Economic result				Net income before tax	
2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
2.0	155.0	407.2	321.0	65.8	69.5	473.0	390.5	-20.3	-0.2	452.7	390.3
-	-	-261.6	-142.0	-90.8	-149.9	-352.4	-291.9	-	-	-352.4	-291.9
1.8	2.1	976.7	954.7	4.1	3.8	980.8	958.5	-0.8	-	980.0	958.5
-0.8	-0.5	489.4	521.6	-87.9	-645.2	401.5	-123.6	-126.4	-118.0	275.1	-241.6
22.0	-21.0	-3.0	-56.3	-	3.2	-3.0	-53.1	5.9	-2.5	2.9	-55.6
<b>25.0</b>	<b>135.6</b>	<b>1,608.7</b>	<b>1,599.0</b>	<b>-108.8</b>	<b>-718.6</b>	<b>1,499.9</b>	<b>880.4</b>	<b>-141.6</b>	<b>-120.7</b>	<b>1,358.3</b>	<b>759.7</b>
92.1	79.6	788.0	787.5	18.0	20.7	806.0	808.2	-	-	806.0	808.2
24.6	-	31.7	0.7	0.4	-	32.1	0.7	-	-	32.1	0.7
<b>116.7</b>	<b>79.6</b>	<b>819.7</b>	<b>788.2</b>	<b>18.4</b>	<b>20.7</b>	<b>838.1</b>	<b>808.9</b>	<b>-</b>	<b>-</b>	<b>838.1</b>	<b>808.9</b>
<b>-91.7</b>	<b>56.0</b>	<b>789.0</b>	<b>810.8</b>	<b>-127.2</b>	<b>-739.3</b>	<b>661.8</b>	<b>71.5</b>	<b>-141.6</b>	<b>-120.7</b>	<b>520.2</b>	<b>-49.2</b>
-	-	0.42	0.45	-1.00	-0.04	0.44	0.69				
-	-	2,093	2,403	824	889	2,917	3,292				
-	-	155,897	144,300	-	-	155,897	144,300				
79 <sup>7)</sup>	107 <sup>7)</sup>	138,895	141,828	8,135	9,581	147,030	151,410				

<sup>4)</sup> Restructuring expenses are reported in the consolidated financial statements under other operating profit.

<sup>5)</sup> Calculation of the cost/income ratio excluding restructuring expenses and net risks.

<sup>6)</sup> Value-at-risk with confidence level of 99.9% and holding period of 1 year as at 31 December.

<sup>7)</sup> The gross loan volume includes equity investments not allocated to the respective segments but illustrated separately in the Corporate Centres/Other segment.

In principle, income and expenses are allocated to the relevant segment on the basis of a defined allocation key. In the reporting year, there was a change in the allocation of income between the segments Corporate Centres and Asset Management Capital Markets. The figures for the previous year were adjusted accordingly.

The services exchanged between segments, the cross-divisional organised savings banks sales and the Corporate Centres are provided on the basis of reciprocal agreements between service provider and recipient. The valuation is carried out in principle at market prices with the segments trading with each other like external suppliers.

Assets under management primarily comprise the income-relevant fund assets of the mutual and special funds under management in the AMK and AMI business divisions. Other components are the volume of direct investments in cooperation partner funds, the cooperation partner fund, third party fund and liquidity portions of fund-based asset management as well as advisory/management and asset management mandates. The passively managed exchange traded funds (ETFs) are reported in the Corporates & Markets business division. Assets under management refer to customer funds under management. DekaBank's own portfolio (31 December 2009: €2,764.6m, previous year: €890.0m) comprises mainly start-up financing for newly launched funds as well as market maker holdings for ETF trading.

The gross loan volume is determined in accordance with the definition under Section 19 (1) of the German Banking Act (KWG) and therefore does not correspond to the amount carried in the balance sheet under IFRS. The gross loan volume includes all balance sheet assets and off-balance sheet transactions (including revocable lending commitments) subject to default risk and excluding provisions for loan losses.

### **Reconciliation of segment results to the consolidated financial statements**

The reporting and measurement differences between internal reporting and IFRS net income before tax amounts to €141.6m (previous year: €120.7m) in the financial year. Of this, €36.5m relates to the reporting difference for minority interests arising from consolidation of ETFlab DAX: unlike the statement of comprehensive income, the management reporting does not take into account the Group income before tax attributable to minority interests.

It also includes a valuation result of €105.7m from interest rate-related capital market effects. Thereof, €87.5m (previous year: €55.6m) is attributable to original lending and underwriting business; €18.2m relates to securities in the held to maturity category which are countered by valuation results from the corresponding interest rate swaps in IFRS net income before tax .

The other reconciliation amounts shown in the reconciliation column refer to reporting differences between management reporting and the consolidated financial statements. Of these, €20.3m relates to internal derivatives which are reported in the economic result in net interest income and the corresponding contrary income effects in net financial income. There is no income effect from internal derivatives in internal management reporting. Moreover, income effects from repurchased debt instruments are reported under net financial income in the management reporting but under other operating profit in the consolidated financial statements.

### [3] Segmentation by geographical markets

Income from corporate activities by geographical markets is illustrated below. The segment allocation is carried out on the basis of the respective location of the branch or group company.

€m	Germany		Luxembourg		Other		Total Group	
	2009	2008	2009	2008	2009	2008	2009	2008
Income	917.5	365.9	433.2	375.1	7.6	18.7	1,358.3	759.7
Net income before tax	259.8	-233.2	258.7	175.1	1.7	8.9	520.2	-49.2
Long-term segment assets <sup>1)</sup>	154.1	184.1	3.3	4.9	1.1	1.3	158.5	190.3

<sup>1)</sup> Long-term segment assets excluding financial instruments and deferred income tax assets.

## Accounting policies

### [4] General information

The financial statements are based on the going concern principle. The methods described were applied uniformly and consistently to the reporting periods illustrated.

Income and expenses are recognised on an accruals basis. They are recorded and reported in the period in which they may be assigned in economic terms. Premiums and discounts are accrued in accordance with the effective interest rate method and reported as accrued interest in the balance sheet item in which the underlying financial instrument is reported.

Estimates and assessments required in line with accounting policies under IFRS are carried out in accordance with the respective standard on a best estimate basis and are continually revalued and based on empirical values and other factors, including expectations regarding future events that appear reasonable under the given circumstances. Where material estimates were required, the assumptions made are outlined in detail below in the explanation for the relevant line item.

In accordance with IFRS 7, the disclosure requirements for financial instruments are extensive, including with regard to the risks arising from financial instruments. The risk information required is primarily detailed in the risk report in the Group management report.

### [5] Scope of consolidation

In addition to DekaBank as the parent company, the consolidated financial statements include a total of 11 (previous year: 10) German and 8 (previous year: 7) foreign subsidiaries, in which DekaBank directly or indirectly holds more than 50% of the voting rights. In addition, the scope of consolidation includes 11 special funds (previous year: 12) as well as one mutual fund (previous year: 2).

Deka Real Estate Lending k.k. with registered office in Tokyo, which was newly established in the previous year, was included in the scope of consolidation, along with Deka Investors Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Frankfurt/Main, and the special fund A-DGZ 3-FONDS, Frankfurt/Main. The special funds A-DGZ 8-FONDS, Luxembourg, and A-DGZ 9-FONDS, Luxembourg, were liquidated in the reporting year and the mutual fund ETFlab DAX, Munich, was no longer included in the scope of consolidation due to the reduced shareholding. The changes in the scope of consolidation do not materially affect the balance sheet or statement of comprehensive income of the DekaBank Group.

As in the previous year, a total of 22 companies in which DekaBank has direct or indirect holdings were not consolidated. They are of minor significance for the presentation of the assets, financial position and earnings of the Group. The shares held in these companies are reported under financial investments.

The mutual fund holdings in the DekaBank Group's own portfolio are not consolidated or valued at equity due to their minor importance. Significance for the presentation of the assets, financial position and earnings of the Group is assessed using simulation calculations. The units in the mutual funds are recognised at fair value through profit or loss. They are reported in the balance sheet under financial assets valued at fair value in the sub-category designated at fair value.

Equity investments in S Broker AG & Co. KG, Dealis Fund Operations GmbH (both associated companies) and S PensionsManagement GmbH (joint venture company) are included in the consolidated financial statements using the equity method.

The subsidiaries, joint ventures, associated companies and funds as well as the companies and equity investments not included in the consolidated financial statements due to lack of materiality can be seen in the list of shareholdings (note [76]).

## **[6] Consolidation principles**

DekaBank's consolidated financial statements have been prepared in accordance with standard accounting policies throughout the Group.

Subsidiaries and funds are consolidated under the purchase method, whereby all assets and liabilities of the subsidiary are stated at fair value at the date of acquisition or obtaining of a controlling interest. The difference arising from offsetting the purchase price against the fair value of the assets and liabilities is reported under intangible assets as goodwill. The goodwill is tested for impairment at least once a year or more frequently if there are indications of a possible decrease in value. If an impairment is ascertained, the goodwill is written down to the lower value. Minority interests in equity and the earnings of the Bank's majority-held subsidiaries are reported separately as minority interests under equity or as minority interests in the statement of comprehensive income.

Intra-Group receivables and liabilities as well as expenses, income and interim results from intra-Group financial and services transactions are eliminated on consolidation.

Joint ventures and associated companies are included in the consolidated financial statements using the equity method, unless they are of minor importance for the presentation of the assets, financial position and earnings of the Group. Where a company valued at equity uses different accounting policies, appropriate adjustments are made in line with IFRS rules for consolidated financial statements by means of a separate calculation.

Interests in subsidiaries which are not included in the consolidated financial statements due to their minor importance are reported at fair value or, if this cannot be determined reliably, at amortised cost under financial assets.

In its own portfolio, the DekaBank Group has holdings in mutual funds which are valued at fair value. These are shown in the balance sheet under financial assets at fair value in the sub-category designated at fair value.

The consolidation principles are unchanged on the previous year.

## **[7] Financial instruments**

All financial assets and liabilities including all derivative financial instruments are posted in the balance sheet pursuant to IAS 39. Spot purchases and sales (regular way contracts) are carried as at the settlement date.

Financial assets are derecognised if the contractual rights arising from the asset are extinguished or have been transferred to non-Group parties in such a way that the risks and rewards have essentially been transferred. Financial assets are also derecognised if control or power of disposal has been transferred and the risks and opportunities from the financial assets essentially not retained. Financial liabilities are derecognised when the principal has been repaid in full.

Financial instruments are valued at the date of acquisition at fair value. The subsequent valuation of financial assets and liabilities is governed by which categories they are allocated to according to IAS 39 at the date of acquisition:

### **Financial assets or liabilities at fair value through profit or loss**

There is a distinction within this category between financial instruments classified as held for trading and those that at the date of acquisition are irrevocably designated at fair value through profit or loss (designated at fair value). Financial assets and liabilities in this category are valued at fair value with an impact on profit or loss.

Financial instruments classified as held for trading are firstly those that have been acquired with the intention of achieving profits from short-term price fluctuations or from the dealer's margin. Secondly, this sub-category includes derivatives unless they are hedging instruments.

The designated at fair value sub-category derives from the application of the fair value option in IAS 39. This sub-category comprises those financial assets and liabilities which are managed as a unit on a fair value basis in accordance with the Bank's documented risk management strategy. Both the risk and the results thereof are determined on the basis of fair values and reported to the Board of Management. Exercising the fair value option results in this case in harmonisation of economic management and presentation of the assets, financial position and earnings.

In addition, the fair value option was exercised for financial instruments with embedded derivatives which have to be separated. These financial instruments are also allocated to the designated at fair value sub-category at the date of acquisition.

### **Loans and receivables**

Loans and receivables include all non-derivative financial instruments that have fixed or determinable payments and are not listed on an active market. A precondition for this is that the corresponding financial instruments are not allocated to the categories financial assets or liabilities at fair value through profit or loss or available for sale at the date of acquisition. Loans and receivables are to be valued at amortised cost. At each closing date and where there are indications of potential impairment, loans and receivables are tested for impairment and any necessary valuation allowances recognised accordingly (see note [15]). Any write-ups are recognised in the income statement. The maximum limit for the write-up is the amortised cost that would have arisen at the valuation date without the impairment.

### **Available for sale**

The available for sale category includes all non-derivative financial instruments that have not already been allocated to other categories. Financial instruments in the available for sale category are valued at fair value. The valuation result is recognised under equity in the revaluation reserve with no effect on income. Any impairments resulting from creditworthiness or the realisation of valuation results are recognised in the income statement. Write-ups on debt securities are posted in the income statement, while write-ups on equity instruments are recognised in equity. Securities in the available for sale category are reported under financial investments.

### **Held to maturity**

In principle, financial assets with fixed or determinable payments and a fixed term to maturity can be allocated to the held to maturity category. However, this is contingent on the financial instruments having been acquired with the intention and ability to hold them until maturity. Held to maturity assets are to be valued at amortised cost.

### **Other liabilities**

Other liabilities include financial liabilities including securitised liabilities unless these are designated at fair value through profit or loss. They are carried at amortised cost. Financial guarantees are reported in line with the provisions of IAS 39 and allocated to other liabilities. The present value of outstanding premium payments is netted out against the liability under the financial guarantee (equity approach).

## [8] Fair value measurement of financial instruments

Fair value is deemed to be the amount at which a financial instrument can be freely traded between knowledgeable and willing parties in an arm's length transaction.

The fair value of financial instruments is determined on the basis of market prices or observable market data as at the reporting date and recognised valuation models. Where securities and derivatives with sufficient liquidity are traded on active markets, and stock market prices are accordingly available, or prices that can be traded by active market participants are provided, these prices are used to determine the fair value.

Valuation models, which are deemed to be appropriate for the respective financial instruments, are used where no prices are available from an active market. Observable market data is always used as the basis where available. However, the availability of observable stock market prices, valid prices or market data varies from financial instrument to financial instrument and can change over time. Furthermore, the valuation models are periodically readjusted and validated as required. Depending on the financial instrument and market situation, it may be necessary to include assumptions and assessments by the management in the valuation. The management also selects suitable modelling techniques, appropriate parameters and assumptions. Where there are no prices from active markets, the fair value is therefore deemed to be the model value as at the reporting date, which reflects a realistic estimate of how the market would probably value the financial instrument.

Where unlisted, derivatives are measured using accepted models. Fair values for foreign exchange future contracts are determined on the basis of the future rates as at the reporting date. The fair value of credit default swaps is determined using standard valuation procedures (e.g. hazard rate and Copula models).

## [9] Hedge accounting

In accordance with the rules in IAS 39, derivatives are in principle to be classified as trading transactions and valued at fair value. The valuation result is posted in trading profit or loss. The DekaBank Group enters into derivatives for trading purposes and for hedging purposes. If derivatives are used to hedge risks arising from financial assets and liabilities that are not allocated to the fair value category, they may under certain conditions be treated as a hedge.

As part of its asset liability management, the Bank uses fair value hedges as defined in IAS 39 to hedge against the risk of interest rate changes. Interest rate swaps used to hedge the lending, securities and underwriting business and which meet hedge accounting criteria are essentially designated as hedging instruments.

In order to meet the criteria of IAS 39 for the application of hedge accounting rules, the hedges must be documented individually at the time they are concluded. This documentation includes in particular the identification of the underlying and hedge transactions as well as the type of risk hedged. Only micro-hedges, where the hedging instruments can counter one or more similar underlying transactions may be designated as hedges.

IAS 39 additionally requires proof to be provided of an effective hedge. The effectiveness of the hedges is therefore monitored on a daily basis, in principle using a regression analysis. A hedge is deemed to be effective if throughout the entire term of the hedge, the ratio of changes in value of the underlying and hedge transaction is between 0.80 and 1.25. If a hedge is no longer effective, it is cancelled. Monitoring of effectiveness and any necessary hedge cancellations are carried out on a daily basis. The prospective measurement of effectiveness is carried out using the critical term match method.

For fair value hedges, changes in the value of the underlying transaction that are attributable to the hedged risk are included in the result of fair value hedges along with the counter change in the fair value of the hedge pursuant to IAS 39. The derivatives used for hedging are shown in the balance sheet as positive or negative market values from fair value hedges pursuant to IAS 39.

Derivative financial instruments which are used for economic hedging but do not meet the requirements of IAS 39 are treated like derivatives held for trading purposes and shown as financial assets at fair value or financial liabilities at fair value. Net interest income from derivatives held for trading purposes is reported in trading profit or loss, while net interest income from economic hedges is reported in net interest income like interest on the hedged transactions.

## **[10] Structured products**

Structured products are financial instruments composed of a host contract and one or more derivative financial instruments (embedded derivatives), whereby the embedded derivatives constitute an integral part of the contract and cannot be traded separately. For accounting purposes, under IAS 39 embedded derivatives have to be separated from the host contract and accounted for in the balance sheet as independent derivatives under the following conditions:

- The structured financial instrument is not already measured at fair value through profit or loss,
- the economic characteristics and risks of the embedded derivative do not show any clear close relationship with those of the host contract, and
- the contractual standards of the embedded derivatives would meet the criteria for a derivative.

In the DekaBank Group, separable financial instruments are recorded in the designated at fair value category and reported in the balance sheet under financial assets at fair value or financial liabilities at fair value.

## **[11] Currency translation**

Currency translation in the DekaBank Group is carried out in accordance with IAS 21. All monetary foreign currency items are converted at the spot rate as at the reporting date. Non-monetary items are converted in accordance with the valuation standard for their respective category; non-monetary items valued at amortised cost are converted at the rate for the acquisition valuation (historical rate). Non-monetary items carried at fair value are converted at the current reporting date rate like monetary items. The result from currency translation is recognised in the income statement under trading profit or loss (for the trading book portfolio) or in profit or loss from financial instruments designated at fair value (for the non-trading portfolio). In principle, income and expenses are converted at the current reporting date rate on the day on which they are recognised in the income statement.

The conversion of the financial statements of Deka(Swiss) Privatbank AG prepared in Swiss francs is performed using the modified reporting date rate method. All assets and liabilities are converted at the reporting date rate. The items in the income statement are converted using the arithmetic mean of the month end exchange rates in the reporting year. With the exception of the revaluation reserve (at the reporting date rate) and annual income (from the statement of comprehensive income), equity is converted on the basis of historical exchange rates at the time of acquisition by the Group. The resulting translation difference is posted under equity in the currency translation reserve.

## **[12] Genuine repurchase agreements and securities lending transactions**

The DekaBank Group engages in both genuine securities repurchase agreements and securities lending transactions.

Genuine repurchase agreements are contracts transferring securities for a consideration, in which it is agreed at the same time that the securities must subsequently be transferred back to the pledgor in return for payment of a sum agreed in advance. The pledgor continues to account for the transferred securities in the previous category as the main opportunities and risks of ownership are not transferred. A liability for the pledgor or a claim for the pledgee is accounted for in the amount of the cash sum received or paid respectively.

The term securities lending means transactions where securities are transferred by the lender with the obligation that the borrower, upon expiry of the agreed time, will transfer back securities of the same kind, quality and quantity and will pay a consideration for the term of the loan. The securities loaned are treated for accounting purposes in the same way as genuine repurchase agreements. Collateral must generally be provided for securities lending transactions. Cash collateral is reported in the lender's balance sheet as a liability and in the balance sheet of the borrower as a receivable. Collateral provided by the borrower in the form of securities is still carried in the accounts of the borrower.

Lending and repurchase agreements are carried out at current market conditions. Domestic transactions are conducted using the standard German framework agreements and foreign transactions using international framework agreements. Under the standard framework agreements, the securities transferred may be resold or repledged by the recipient. In the event of the sale of borrowed securities and collateral, the resultant short position is reported under financial liabilities at fair value.

If transactions have been undertaken for trading purposes, interest income and expenses from repurchase agreements and income and expenses from securities lending transactions are shown under trading profit or loss. If the fair value option is applied, the transactions are reported under profit or loss from financial instruments designated at fair value.

### **[13] Lease accounting**

The decisive factor for the classification and consequently the accounting of leases is not the legal title to the leased item but primarily the economic content of the lease agreement. If essentially all risks and opportunities associated with the legal title to the leased item are transferred to the lessee, the transaction will be classified as a finance lease. All other cases are deemed to be operating leases.

#### **The DekaBank Group as lessee**

The lease agreements concluded by the DekaBank Group as lessee essentially comprise operating leases. The leased vehicles and computer equipment are accordingly not reported in the balance sheet. The lease instalments payable by the DekaBank Group are recorded as administrative expenses. Lease payments made in advance were recognised as prepaid income and deferred expenses for the correct accounting period.

#### **The DekaBank Group as lessor**

As at the reporting date, there were no leases in place with companies in the DekaBank Group as lessor.

### **[14] Receivables**

The items due from banks and due from customers mainly include loans granted, non-negotiable bearer and registered bonds, demand deposits, call money and time deposits. Under IAS 39 the amounts due are categorised as loans and receivables or available for sale (see also note [7]). Amounts due classified as loans and receivables are reported in the balance sheet at amortised cost less any risk provision. Amounts due classified as available for sale are reported in the balance sheet at fair value. Income from interest payments and the sale of receivables is reported in net interest income apart from interest payments for receivables held for trading (for portfolios in the trading book) which are reported in trading profit or loss. The valuation result from the measurement of receivables in the available for sale category is shown in the revaluation reserve. The valuation regulations described in note [9] apply to receivables secured as part of fair value hedges.

### **[15] Provisions for loan losses**

The provisions for loan losses for amounts due from banks and customers are deducted from the assets side. For sureties and guarantees, provisions are recognised for the lending business.

If there is doubt regarding the recoverability of a receivable, this is taken into account through the recognition of provisions for loan losses. If it is highly probable that further payments will not be paid, the receivable is classified as irrecoverable. An irrecoverable receivable which has already been impaired is written off utilising the provision for loan losses. If there is no specific valuation allowance, the receivable is written off directly and charged to income. Direct write-downs are also carried out if the Bank waives parts of a non-impaired receivable or sells a receivable and the purchase price is below the book value of the purchase price.

Loan receivables are checked individually for impairment. If impairments are found, specific valuation allowances or provisions are recognised in the corresponding amount. In the case of receivables for which there are no specific valuation allowances, the default risk is taken into account by recognising portfolio valuation allowances. Consequently, the DekaBank Group does not form any global valuation allowances.

Specific valuation allowances are recognised to take account of acute default risks if it is likely, based on fulfilment of impairment criteria, that not all contractually agreed payments of interest and principal can be made. Potential impairments are assumed in the event of the following:

- Default in payment lasting more than 90 days;
- Delay or waiver of payment obligations;
- Initiation of enforcement measures;
- Imminent insolvency or overindebtedness;
- Petition for or commencement of insolvency proceedings;
- Failure of reorganisation measures.

The amount of the valuation allowance corresponds to the difference between the book value of a receivable and the present value of the estimated future payment streams (recoverable amount) taking into account the fair value of the collateral.

As the specific valuation allowance is determined based on the cash flow valuation of the estimated future cash flows, if payment expectations remain the same, there will be an effect from the change in present value (unwinding) as at the subsequent reporting date. In accordance with IAS 39 AG 93, the change in present value is to be recorded as interest income in the statement of comprehensive income.

Where the interest payments are from impaired loans, the interest is reported in net interest income. As a result of the minor difference between the change in present value and the actual nominal interest received, the recording of interest income from unwinding in the statement of comprehensive income is waived.

The portfolio valuation allowances for creditworthiness risks reflect the assumptions concerning impairments of the loan and securities portfolio that have already occurred at the reporting date but have not yet become known. The assessment base includes financial instruments in the loans and receivables and held to maturity categories. Portfolio valuation allowances are determined taking borrower ratings, counterparty default history and current economic development (expected loss) into account.

The transfer risk is accounted for by recognising portfolio valuation allowances for country risks. Portfolio valuation allowances for country risks are based on such factors as an internal rating system that incorporates current and historical economic, political and other data and categorises countries by risk profile. Federal Ministry of Finance publications are consulted when establishing the rates for valuation allowances.

Impairments are recorded with an effect on expenses through valuation allowances or direct write-downs. The reversal of valuation allowances and income received on written-down receivables are recorded with an effect on income. They are reported in the statement of comprehensive income under provisions for loan losses.

## **[16] Risk provision for securitised instruments**

Securitised loans and receivables are regularly subject to an impairment test. In accordance with the regulations under IAS 39.59, the Bank has stipulated specific qualitative and quantitative impairment indicators for securitised instruments, which include trigger breaches in the pool, rating downgrades and significant negative changes in fair value resulting from creditworthiness. An impairment test must be carried out if such indicators arise.

To determine the recoverable amount, the future payment streams from the respective transactions are estimated and discounted using the original effective interest rate for fixed-interest products and using the nominal interest rate for non fixed-interest products. Product-specific special features are taken into account when estimating the cash flows. The main scenario input parameters of constant default rate, constant prepayment rate and recovery rate are determined when analysing the cash flow from granular transactions such as retail ABS especially. In contrast to ABS, a qualitative analysis with an individual assessment of each securitised loan is carried out for CMBS.

The impairment requirement is determined as the difference between the recoverable amount and the book value of the securities and recognised in the income statement.

## **[17] Financial assets and financial liabilities at fair value**

### **Held for trading**

Financial assets and financial liabilities at fair value are reported under financial instruments in the sub-category held for trading. These are financial instruments that have been acquired or issued with the intention of trading. All financial instruments in this category are measured at fair value through profit or loss. With regard to derivatives with outstanding premium payments, the present value of the premium is netted against the market value of the derivative. For financial instruments that are not traded on a market, standard valuation procedures (in particular the present value method and option price models) are used to determine the balance sheet value. Unrealised valuation results and realised profits and losses are recorded in trading profit or loss with an effect on income. Interest income and dividend income, refinancing expenses and trading commission are also reported in trading profit or loss.

### **Designated at fair value**

Financial assets and financial liabilities at fair value also include other financial instruments allocated on initial recognition to the designated at fair value sub-category. Derivative financial instruments from economic hedges which do not meet the criteria for hedge accounting are also reported in this sub-category. Effects from fair value changes are recorded in income from financial instruments in the designated at fair value category. Interest and dividend income are reported in net interest income along with refinancing expenses and income from reinvestments.

## **[18] Positive und negative market values from fair value hedges pursuant to IAS 39**

This item includes hedging derivatives as defined in IAS 39 (hedge accounting) with positive market values on the asset side and negative market values on the liabilities side of the balance sheet. The DekaBank Group exclusively uses the guidelines on fair value hedge accounting.

Hedging derivatives are valued using the discounted cash flow method at fair value. The valuation results determined by hedge accounting for fair value hedges are recorded in the income statements as profit or loss from fair value hedges in accordance with IAS 39. Current income from hedging derivatives is shown as net interest income.

## **[19] Financial investments**

Financial investments mainly include bonds that are negotiable on the stock exchange and other fixed-interest securities, shares and other non fixed-interest securities, shares in subsidiaries, joint ventures and associated companies that are not consolidated as well as other equity investments.

The item financial investments comprises financial instruments in the loans and receivables, held to maturity and available for sale categories. Securities shown under loans and receivables or as held to maturity are reported at amortised cost. Financial assets in the available for sale category are reported at fair value, unless this cannot be reliably determined. Interests in associated unlisted companies and other equity investments for which neither prices from active markets nor the factors relevant for valuation models can be reliably determined, are stated at cost.

Income from bonds, including that of cancelled premiums and discounts, as well as dividend income and current income from non-consolidated equity investments in associated companies are posted as net interest income. Realised gains and losses are recorded in profit or loss on financial investments.

Valuation results from financial instruments in the available for sale category, after taking into account deferred taxes, are recorded directly under equity in the revaluation reserve.

Long-term impairments due to creditworthiness are generally recorded with an effect on income under profit or loss on financial investments. Write-ups on debt instruments are also reported with an effect on income under profit or loss on financial investments. In contrast, increases in value in equity instruments that are available for sale are recognised in the revaluation reserve with no impact on income.

Shares in associated companies and joint ventures are stated in the consolidated balance sheet at historical cost as at the date of establishment or when material control was gained. In subsequent years, the equity value shown in the balance sheet is adjusted by the proportionate changes in equity of the associated company. The proportionate annual net income of the associated company is reported in profit or loss on financial investments. Gains and losses on transactions with companies valued at equity are eliminated pro rata of the shareholding as part of the elimination of interim accounts. In the event of downstream delivery, i.e. if an asset is no longer fully consolidated, the value correction is carried out against the equity reported for the respective equity investment.

In principle, the equity method is applied on the basis of the last available financial statements of the company, provided these are not more than three months old. As at the date of preparation of the DekaBank consolidated financial statements, no up-to-date consolidated financial statements for the reporting year were as yet available for S PensionsManagement GmbH. For this reason, a budgetary account was used for the at equity valuation, which takes account of the impact of significant transactions and other events which have occurred or are expected to occur since the last reporting date of S PensionsManagement GmbH.

If there are indications of an impairment of the shares in a company valued in accordance with the equity method, these are subject to an impairment test and if necessary the book value of the shares will be written down. Revaluations take place if the reasons for depreciation no longer apply through write-ups up to the amount of the original book value. Impairments and revaluations are recognised in the income statement under profit or loss on financial investments.

## **[20] Intangible assets**

In addition to software developed in-house and acquired software, intangible assets particularly include goodwill.

Intangible assets acquired for payment are stated at amortised cost. Software developed in-house is capitalised at cost where it meets the reporting criteria under IAS 38. Capitalised costs mainly include personnel expenses and expenses for outside services. Interest on debt capital is not capitalised.

Software developed in-house or purchased is amortised over 4 years on a straight-line basis. Where there are signs that the projected use is no longer in evidence, the software is written down.

Goodwill arises on the acquisition of subsidiaries if the cost of acquisition exceeds the Group's share of the acquired company's net assets. Goodwill is reported at cost as at the date of acquisition and is not subject to any regular amortisation. The subsequent valuation is carried out at cost less all accumulated impairment charges. Goodwill is subject to an impairment test each year, or more frequently if there are indications of a possible decrease in value. If an impairment is determined during the test, the goodwill is written down.

Scheduled amortisation and impairment losses on intangible assets are recorded under administrative expenses in the statement of comprehensive income.

## [21] Property, plant and equipment

In addition to plant and equipment, the item property, plant and equipment includes, in particular, land and buildings used for the company's own commercial activities as well as property acquired for the purposes of generating income, i.e. investment properties. With the exception of investment properties, property, plant and equipment are stated at amortised cost. Deferred expenditure for property, plant and equipment is capitalised if an increase in the future potential benefit can be assumed. All other deferred expenditure is recorded as an expense. Property, plant and equipment not carried in the balance sheet as investment property are depreciated on a straight line basis over the following periods in accordance with their estimated useful economic life:

	<b>Useful life in years</b>
Buildings	33 – 50
Plant and equipment	2 – 15
Technical equipment and machines	2 – 10

For materiality reasons, economic assets as defined in Section 6 para. 2a Income Tax Act (EStG) have been written down over a period of five years in accordance with the tax regulations.

Impairment losses in excess of scheduled depreciation are recognised immediately as write-downs. Scheduled depreciation and impairment losses are stated under administrative expenses. Gains and losses from the disposal of property, plant and equipment are recorded as other operating income.

Properties leased to third parties or acquired to generate income are classified as investment properties if they are held with the intention of achieving rental income and/or appreciation in value. Substantial parts used by non-Group companies in mixed-use properties are also stated separately as investment properties provided that the criterion is met that they can be let or sold separately. Investment properties are valued at fair value and the valuation results are reported as administrative expenses. The DekaBank Group does not currently hold any investment properties.

## [22] Other assets

This item in the balance sheet includes assets, which when considered separately are of minor importance and cannot be allocated to any other line item in the balance sheet. Receivables are measured at amortised cost. The positive valuation effects from regular way financial instruments measured at fair value, the settlement date of which is after the reporting date, are also reported under other assets.

## [23] Income taxes

Current income tax assets or liabilities are calculated at the current tax rates expected for payments to or refunds from the tax authorities.

Deferred income tax assets and liabilities are recognised for temporary differences between the estimated values of assets and liabilities in the IFRS balance sheet and the tax balance sheet. They are calculated based on the tax rate projected for the date they will be reversed. Deferred liabilities are posted for timing differences resulting in tax charges on reversal. If tax savings are projected when timing differences are settled and it is probable they will be utilised, deferred tax assets are recorded. Actual income tax assets and liabilities and deferred tax assets and liabilities are stated net without discounting in each case. Deferred taxes on timing differences that have arisen with no effect on profit or loss are also recorded in the revaluation reserve with no impact on income.

For loss carryforwards chargeable to tax, deferred tax assets are recorded if it is probable that they will be utilised. Loss carryforwards in Germany can be carried forward for an unlimited period. Foreign loss carryforwards, which cannot be carried forward for an unlimited period, are shown by maturity. Deferred tax assets arising from timing differences and loss carryforwards are tested for impairment at each reporting date.

## **[24] Liabilities**

Financial liabilities are accounted for in the balance sheet at amortised cost if they come under the other liabilities category. Liabilities in the fair value through profit or loss category are measured at fair value with an effect on income. The valuation guidelines indicated in note [9] apply to liabilities which have been designated as hedges in the context of hedge accounting.

## **[25] Provisions for pensions and similar commitments**

The Group offers employees various types of retirement pension benefits. These include both defined contribution plans and defined benefit plans.

For the defined contribution plans, a fixed amount is paid to an external provider (such as Sparkassen Pensionskasse, BVV and direct insurance companies). The Group does not recognise any provisions for such commitments in accordance with IAS 19.

For defined benefit plans, the scope of obligation is calculated by independent actuarial experts. In these cases, at each closing date the present value of the pension entitlements earned (defined benefit obligation) is determined using the projected unit credit method. The allocation to pension provisions is already established at the start of the financial year in accordance with the expense-related approach in IAS 19. Discrepancies between the actuarial assumptions and the actual development during the year lead, just like the annual updating of the actuarial assumptions, to differences between the book value of the pension provisions (before deduction of plan assets) and the higher of the present value of the entitlements earned and the fair value of the plan assets as at the reporting date. These so-called actuarial gains and losses are shown in the balance sheet in accordance with the corridor approach. This means that if on the reporting date, there is a difference of more than 10% between the book value of the pension provisions and the present value of the pension entitlements earned, this is amortised with an effect on income over the average residual working lifetime of the active employees.

As well as final salary plans and general contribution schemes, the defined benefit obligations of the DekaBank Group include fund-based defined contribution plans. Under the fund-based defined contribution plans, the contributions are provided by both employer and employee and are invested in investment funds. When benefits become due the employee is entitled to a contractually agreed minimum benefit or to the market value of the underlying fund units if higher. The guarantee components and the variable fund components are measured separately. The level of the liability is derived from the higher value in each case. If the fund component exceeds the promised minimum benefit, this gives rise to an additional liability.

Plan assets were created for the company retirement pensions of the DekaBank Group in the form of a Contractual Trust Arrangement (CTA). The plan assets are held by a legally independent trustee – Deka Trust e.V. The plan assets for the fund-based defined contribution plans consist primarily of fund assets allocated per individual employee and other assets to cover the biometric risks arising from benefits becoming due early and the additional financing risk. In addition, commitments under final salary plans and general contribution schemes were funded through the creation of ring-fenced plan assets using a CTA. This section of the plan assets is invested in a special fund with an investment strategy based on an integrated asset liability assessment. The plan assets are measured at fair value and reduce the pension provisions shown in the balance sheet. The expected income from the plan assets is offset against the original pension expense.

Similar commitments include commitments for early retirement and transitional payments. These are also valued actuarially and provision is made in the amount of the present value of the commitment. When accounting for similar commitments, no actuarial profits or losses arise in principle and the provision shown in the accounts therefore corresponds to the present value of the commitment. Furthermore, employees of the DekaBank Group also have the option of paying into working hours accounts. The accounts are maintained in money and, like the defined benefit plans, are covered by plan assets in Deka Trust e.V. The amount carried in the balance sheet is the difference between the extent of the commitments and the fair value of the plan assets.

## [26] Other provisions

Provisions for uncertain liabilities to third parties and imminent losses from pending business are recognised on a best estimate basis. Long-term provisions are discounted where the effect is material. Allocations and reversals are carried out via the line item in the income statement that corresponds to the provision in terms of content. Provisions for creditworthiness risks in off-balance sheet lending transactions are charged to provisions for loan losses and reversed in the same line item.

## [27] Other liabilities

Other liabilities include accruals and liabilities which individually are not material and cannot be allocated to any other line item in the balance sheet. They are measured at amortised cost. The negative valuation effects from regular way financial instruments measured at fair value, of which the settlement date is after the reporting date, are also reported under other liabilities.

## [28] Subordinated capital

Subordinated capital includes subordinated liabilities, profit-participation items and typical silent capital contributions. Silent capital contributions for which no notice to terminate has been given and which are recognised as liable capital under supervisory law and as defined in the German Banking Act (KWG) must be shown in the balance sheet as debt in accordance with the provisions of IAS 32 as a result of the contractual termination right, regardless of the likelihood that it will be exercised. The subordinated capital is in principle shown at amortised cost. For subordinated liabilities which form part of a fair value hedge under IAS 39, the changes in fair value attributable to interest rate risks are also recognised.

## [29] Atypical silent capital contributions

Atypical silent capital contributions are liable capital within the meaning of Section 10 of the German Banking Act (KWG) or equity shown in the balance sheet in accordance with German commercial law. Under IAS 32, atypical silent capital contributions are, however, to be treated as debt since atypical silent shareholders have a contractual termination right after 15 years. Under IAS 32, the possibility of termination is sufficient for classification as debt regardless of the fact that the partner who wishes to terminate has a contractual duty to give notice to the other atypical silent shareholders. From an economic viewpoint, the atypical silent capital contributions represent equity: the shareholders have a securitised residual claim embodying both a share in the loss and entitlement to a share in the hidden reserves of DekaBank.

Atypical silent capital contributions are stated in the balance sheet at nominal value. The basis for calculating the distribution to atypical silent shareholders is DekaBank's net income for the year under commercial law plus certain taxes that can be withdrawn. The distribution is disclosed as a separate item – interest expenses for atypical silent capital contributions – below net income before tax.

## [30] Equity

Subscribed capital is the capital paid in by shareholders in accordance with the Bank's statutes. Capital reserves include premiums from the issue of shares in the company in accordance with the provisions of the Bank's statutes.

Reserves from retained earnings are broken down into statutory reserves, reserves required under the Bank's statutes and other reserves. Other reserves from retained earnings include retained profits from previous years. In addition, the effects of applying IFRS for the first time, with the exception of valuation effects for available for sale financial instruments, are stated in other reserves from retained earnings.

Fair value valuation effects on available for sale financial instruments are stated in the revaluation reserve with no impact on income, after taking account of the applicable deferred taxes. Gains or losses are not recorded in the income statement until the asset is sold or written down due to impairment.

Minority interests are shown as a separate item under equity.

## Notes to the statement of comprehensive income

### [31] Net interest income

In addition to interest income and expenses, this item includes prorated reversals of premiums and discounts from financial instruments. Net interest income from items in the trading book allocated to the held for trading category and the associated refinancing expenses are not included as they are reported in trading profit or loss. Under IAS 32, silent capital contributions are classified as debt and the payments to typical silent shareholders are reported in interest expenses.

€m	2009	2008	Change
<b>Interest income from</b>			
Lending and money market transactions	2,112.4	3,369.2	-1,256.8
Interest rate derivatives (economic hedges)	846.6	482.8	363.8
Fixed-interest securities and debt register claims	725.8	947.0	-221.2
Hedging derivatives (hedge accounting)	61.1	29.6	31.5
<b>Current income from</b>			
Shares and other non fixed-interest securities	21.1	31.5	-10.4
Equity investments	2.1	2.5	-0.4
Result from leasing business	-	1.0	-1.0
<b>Total interest income</b>	<b>3,769.1</b>	<b>4,863.6</b>	<b>-1,094.5</b>
<b>Interest expenses for</b>			
Liabilities	1,574.9	2,502.7	-927.8
Interest rate derivatives (economic hedges)	781.2	434.4	346.8
Hedging derivatives (hedge accounting)	155.4	56.1	99.3
Securitised liabilities	688.7	1,357.9	-669.2
Subordinated capital	52.1	58.1	-6.0
Typical silent capital contributions	64.1	64.1	-
<b>Total interest expenses</b>	<b>3,316.4</b>	<b>4,473.3</b>	<b>-1,156.9</b>
<b>Net interest income</b>	<b>452.7</b>	<b>390.3</b>	<b>62.4</b>

The profit from the disposal of receivables amounting to €17.1m (previous year: €1.2m) is reported under interest income from lending and money market transactions.

In the reporting year, interest amounting to €9.4m (previous year: €3.2m) was collected on impaired loans and securities. In the DekaBank Group, loans are designated non-performing loans if they have been made interest-free, the interest and/or capital payments are at least 90 days overdue or they refer to non-performing loans in the process of restructuring. The total amount of non-performing loans as at the reporting date stood at €949.6m (previous year: €600.0m).

Overall, interest income of €2,224.3m (previous year: €3,571.6m) and interest expenses of €1,941.6m (previous year: €3,675.2m) were reported for financial assets and liabilities not measured at fair value.

### [32] Provisions for loan losses

The breakdown of provisions for loan losses in the statement of comprehensive income is as follows:

€m	2009	2008	Change
Allocations to provisions for loan losses	-363.9	-324.2	-39.7
Direct write-downs on receivables	-	-6.5	6.5
Reversals of provisions for loan losses	11.2	37.5	-26.3
Income on written-down receivables	0.3	1.3	-1.0
<b>Provisions for loan losses</b>	<b>-352.4</b>	<b>-291.9</b>	<b>-60.5</b>

### [33] Net commission income

€m	2009	2008	Change
<b>Commission income from</b>			
Investment fund business	2,075.7	2,444.3	-368.6
Securities business	134.8	157.2	-22.4
Lending business	32.7	52.2	-19.5
Other	37.0	52.2	-15.2
<b>Total commission income</b>	<b>2,280.2</b>	<b>2,705.9</b>	<b>-425.7</b>
<b>Commission expenses for</b>			
Investment fund business	1,279.1	1,725.6	-446.5
Securities business	10.4	14.9	-4.5
Lending business	7.6	4.7	2.9
Other	3.1	2.2	0.9
<b>Total commission expenses</b>	<b>1,300.2</b>	<b>1,747.4</b>	<b>-447.2</b>
<b>Net commission income</b>	<b>980.0</b>	<b>958.5</b>	<b>21.5</b>

Commission expenses in the amount of €68.6 thousand (previous year: €118.1 thousand), which are not included when determining the effective interest rate, were incurred for financial instruments not measured at fair value through profit or loss.

Commission income from investment fund business essentially comprises management fees, asset management fees and sales commission. The vast majority of the net commission income stems from sustained commission relating to existing business.

### [34] Trading profit or loss

Trading profit or loss comprises sale and valuation results as well as commission from financial instruments in the held for trading sub-category. Valuation results are essentially determined based on market prices. If no market prices are available, the market values are calculated based on current market data using standard valuation methods. Net interest income from derivative and non-derivative financial instruments for trading positions, together with related refinancing expenses are also reported under this item.

€m	2009	2008	Change
Sale result	-228.7	-1,373.9	1,145.2
Valuation result	-27.8	1,039.3	-1,067.1
Net interest income and current income from trading transactions	626.6	846.5	-219.9
Commission on trading transactions	-15.4	-6.8	-8.6
<b>Trading profit or loss</b>	<b>354.7</b>	<b>505.1</b>	<b>-150.4</b>

Net interest income from trading includes refinancing expenses of €322.8m (previous year: €577.7m). The valuation result of €103.3m (previous year: €-466.7m) was determined using valuation models.

### [35] Profit or loss on financial instruments designated at fair value

The item includes profit or loss on financial instruments allocated to the designated at fair value sub-category as well as the profit or loss on derivatives in the banking book. In principle, the valuation results are determined using market prices. If no market prices are available, the market values are calculated based on current market data using standard valuation models.

€m	2009	2008	Change
Sale result	-27.4	-147.6	120.2
Valuation result	-57.1	-691.2	634.1
Foreign exchange profit or loss	41.4	16.5	24.9
Commission	-0.2	69.6	-69.8
<b>Total</b>	<b>-43.3</b>	<b>-752.7</b>	<b>709.4</b>

The valuation result includes net expenses for the following line items of €83.6m (previous year: income €70.3m) from creditworthiness-related changes in value:

€m	2009	2008	Change
Loans and receivables in the designated at fair value category	0.7	-0.7	1.4
Liabilities in the designated at fair value category	-84.3	71.0	-155.3
<b>Total</b>	<b>-83.6</b>	<b>70.3</b>	<b>-153.9</b>

The creditworthiness-related changes in value were calculated as the difference between the result based on a full fair value valuation and the result from a valuation based on swap rates of the corresponding issue currency.

The profit or loss on financial instruments in the designated at fair value category includes negative valuation results of €422.9m (previous year: €451.9m), which were determined using valuation models.

### [36] Profit or loss from fair value hedges in accordance with IAS 39

Changes in value in the underlying transactions to which the hedged risk relates, together with the fair value changes in the hedges, are reported as profit or loss from fair value hedges in accordance with IAS 39. The profit or loss from these hedges is composed as follows:

€m	2009	2008	Change
Valuation result from hedged underlying transactions	-89.3	158.6	-247.9
Valuation result from hedging derivatives	79.3	-159.9	239.2
<b>Total</b>	<b>-10.0</b>	<b>-1.3</b>	<b>-8.7</b>

The profit or loss from fair value hedges in accordance with IAS 39 was determined in principle on the basis of valuation models.

### [37] Profit or loss on financial instruments

€m	2009	2008	Change
<b>Net income from the sale of</b>			
Securities in the category			
Loans and receivables	-2.7	-1.4	-1.3
Available for sale	0.3	2.1	-1.8
Equity interests	-	0.2	-0.2
<b>Net income from the sale of financial investments</b>	<b>-2.4</b>	<b>0.9</b>	<b>-3.3</b>
Depreciation as a result of impairment of investments accounted for using the equity method	-24.8	-14.6	-10.2
Net income from investments valued using the equity method	1.8	0.3	1.5
Allocation to provisions for loan losses	-5.7	-31.9	26.2
Reversal of provisions for loan losses	4.8	-	4.8
<b>Net income from financial investments</b>	<b>-26.3</b>	<b>-45.3</b>	<b>19.0</b>

Based on the current earnings forecast, DekaBank's equity interest in the S PensionsManagement Group produces a prorated negative result of €0.3m (previous year: €1.0m). The difference between the projected and actual result for 2008 of €1.0m was recorded as an expense. The prorated interim result from a downstream transaction of €2.4m was realised and recognised as income. As part of an indicative measurement of the equity interest as at 31 December 2009, a prorated value in use of €20.0m was ascertained and amortised accordingly.

In the reporting year, the equity investment in Dealis Fund Operations GmbH was included in the consolidated financial statements for the first time, using the equity method. In accordance with the preliminary financial statements of the company, a prorated positive result of €0.6m was included in the result from companies valued using the equity method.

### [38] Administrative expenses

Administrative expenses comprise personnel expenses, other administrative expenses and depreciation. The breakdown of the respective items is as follows:

€m	2009	2008	Change
<b>Personnel expenses</b>			
Wages and salaries	316.0	286.1	29.9
Social security contributions	34.3	33.1	1.2
Allocation to/reversal of provisions for pensions and similar commitments	12.2	30.0	-17.8
Expenses for defined contribution plans	2.1	2.3	-0.2
Other expenses for retirement pensions and benefits	2.9	0.6	2.3
<b>Total personnel expenses</b>	<b>367.5</b>	<b>352.1</b>	<b>15.4</b>
<b>Other administrative expenses</b>			
Marketing and sales expenses	37.5	52.6	-15.1
Computer equipment and machinery	59.5	62.0	-2.5
Consultancy expenses	119.9	148.3	-28.4
Costs of premises	58.0	62.6	-4.6
Postage/telephone/office supplies as well as IT information services	35.5	41.5	-6.0
Other administrative expenses	86.4	68.9	17.5
<b>Total other administrative expenses</b>	<b>396.8</b>	<b>435.9</b>	<b>-39.1</b>
Depreciation of property, plant and equipment	5.4	5.9	-0.5
Depreciation of intangible assets	9.6	12.0	-2.4
Impairment of intangible assets	26.7	2.3	24.4
<b>Administrative expenses</b>	<b>806.0</b>	<b>808.2</b>	<b>-2.2</b>

Other administrative expenses include in particular expenses for services relating to outsourced fund administration, travel costs and membership subscriptions to various organisations.

Administrative expenses include payments on non-cancellable operating leases where DekaBank is the lessee. The following minimum lease payments are payable under these leases in the next few years:

€m	2009	2008	Change
Up to 1 year	4.0	1.7	2.3
Between 1 and 5 years	4.0	6.9	-2.9

## [39] Other operating income

The breakdown in other operating income is as follows:

€m	2009	2008	Change
Income from repurchased debt instruments	-3.4	-1.2	-2.2
<b>Other operating income</b>			
Rental income	2.7	1.6	1.1
Reversal of other provisions	17.8	1.8	16.0
Other income	57.9	38.4	19.5
<b>Total other operating income</b>	<b>78.4</b>	<b>41.8</b>	<b>36.6</b>
<b>Other operating expenses</b>			
Other taxes	15.8	0.8	15.0
VAT from provision of intra-Group services	15.5	13.7	1.8
Restructuring expenses	39.0	0.7	38.3
Other expenses	33.9	29.1	4.8
<b>Total other operating expenses</b>	<b>104.2</b>	<b>44.3</b>	<b>59.9</b>
<b>Other operating income</b>	<b>-29.2</b>	<b>-3.7</b>	<b>-25.5</b>

The repurchase of the Bank's own registered and bearer bonds as well as promissory note loans raised led to a reduction in the liability (net result). The repurchase of debt instruments is associated with the realisation of a profit or loss in the amount of the difference between the repurchase price and the book price. Other income includes fee payments for trust transactions amounting to €482.9 thousand (previous year: €464.8 thousand).

## [40] Income taxes

This item includes all domestic and foreign taxes determined on the basis of the net income for the year. Income tax expenses comprise the following:

€m	2009	2008	Change
Current tax expense	105.6	63.7	41.9
Deferred taxes	44.0	-13.2	57.2
<b>Income taxes</b>	<b>149.6</b>	<b>50.5</b>	<b>99.1</b>

The rate of tax that applies in Germany comprises the applicable corporation tax rate of 15% plus the solidarity surcharge of 5.5% and the respective rate of trade tax. As DekaBank is treated for tax purposes as an atypical silent partner, this results for the companies in the DekaBank fiscal group in a combined tax rate for the valuation of deferred taxes of 26.21% (previous year: 26.21%). This tax rate is assumed as the expected tax rate in the reconciliation statement below. As in the previous year, the other domestic companies determine their deferred taxes at a new tax rate of around 32%.

The foreign companies determine deferred taxes using the respective tax rate for the country in question. The tax rate amounts to 28.59% (previous year: 28.59%) for the DekaBank Luxembourg fiscal group.

The following statement reconciles the net income before tax with the tax expense:

€m	2009	2008	Change
IFRS – net income before tax	520.2	–49.2	569.4
x Income tax rate	26.21%	26.21%	
<b>= Anticipated income tax expense in financial year</b>	<b>136.3</b>	<b>–12.9</b>	<b>149.2</b>
Increase from taxes on non-deductible expenses	16.5	65.4	–48.9
Decrease from taxes on tax-exempt income	6.7	20.2	–13.5
Effects of differing effective tax rates	10.0	9.0	1.0
Effects of changes in tax rates	–	–0.5	0.5
Tax effects from past periods	–9.9	4.7	–14.6
Tax on joint ventures/partnerships	–0.4	–0.3	–0.1
Tax effect of special funds	–3.9	1.0	–4.9
Withholding tax	3.7	0.5	3.2
Tax effect of equity valuation	6.7	2.6	4.1
Other	–2.7	1.2	–3.9
<b>Tax expenses according to IFRS</b>	<b>149.6</b>	<b>50.5</b>	<b>99.1</b>

The non-deductible expenses include the effect of goodwill amortisation of €7.0m relating to WestInvest Gesellschaft für Investmentfonds mbH as well as DKC Deka Kommunal Consult GmbH. The previous year's figure mainly comprised losses (losses on disposal/write-downs) relating to equities and equity funds (mutual funds) allocated to the investment book as well as to the corresponding losses in connection with the Group's special funds.

The tax-exempt income is mainly attributable to the Luxembourg companies of the DekaBank Group. The previous year's figure was particularly influenced by goodwill amortisation in Luxembourg solely for tax purposes.

The tax impact of the at-equity valuation essentially relates to amortisation of the equity interest in S PensionsManagement Group.

## Notes to the consolidated balance sheet

### [41] Cash reserves

The breakdown in cash reserves is as follows:

€m	31.12.2009	31.12.2008	Change
Cash on hand	4.3	3.8	0.5
Balances with central banks	280.4	1,453.3	-1,172.9
Balances with post office banks	1.0	0.1	0.9
<b>Total</b>	<b>285.7</b>	<b>1,457.2</b>	<b>-1,171.5</b>

The balances with central banks include balances in the Deutsche Bundesbank of €247.7m (previous year: €1,390.0m). The required minimum reserve was constantly maintained in the reporting year and amounted to €226.4m (previous year: €359.2m) at the year-end.

### [42] Due from banks

€m	31.12.2009	31.12.2008	Change
Domestic banks	31,485.6	34,204.0	-2,718.4
Foreign banks	7,723.6	9,963.6	-2,240.0
<b>Due from banks before risk provision</b>	<b>39,209.2</b>	<b>44,167.6</b>	<b>-4,958.4</b>
Provision for loan losses	-374.5	-183.9	-190.6
<b>Total</b>	<b>38,834.7</b>	<b>43,983.7</b>	<b>-5,149.0</b>

DekaBank paid €4.6bn (previous year: €12.5bn) for genuine repurchase agreements as pledgee.

### [43] Due from customers

€m	31.12.2009	31.12.2008	Change
Domestic borrowers	9,676.7	12,576.2	-2,899.5
Foreign borrowers	14,442.9	17,307.4	-2,864.5
<b>Due from customers before risk provision</b>	<b>24,119.6</b>	<b>29,883.6</b>	<b>-5,764.0</b>
Provisions for loan losses	-256.2	-124.4	-131.8
<b>Total</b>	<b>23,863.4</b>	<b>29,759.2</b>	<b>-5,895.8</b>

Amounts due from customers with an unlimited term stand at €0.3bn (previous year: €2.3bn). DekaBank paid €0.9bn (previous year: €4.0bn) for genuine repurchase agreements as pledgee.

## [44] Provisions for loan losses

Default risks in the lending business are recognised through the creation of specific and portfolio valuation allowances and the recognition of provisions for off-balance sheet liabilities. The portfolio valuation allowances for creditworthiness risks reflect the assumptions concerning impairments in the loan portfolio that have already occurred but are not yet known as at the reporting date. Account is taken of the transfer risk through the recognition of portfolio valuation allowances for country risks.

€m	31.12.2009	31.12.2008	Change
<b>Provisions for loan losses – due from banks</b>			
Specific valuation allowances	373.0	181.4	191.6
Portfolio valuation allowances for creditworthiness risks	1.5	2.5	–1.0
<b>Provisions for loan losses – due from customers</b>			
Specific valuation allowances	173.3	66.9	106.4
Portfolio valuation allowances for country risks	20.7	24.2	–3.5
Portfolio valuation allowances for creditworthiness risks	62.2	33.3	28.9
<b>Total</b>	<b>630.7</b>	<b>308.3</b>	<b>322.4</b>

As at the reporting date, the total amount of non-performing loans stood at €949.6m (previous year: €600.0m). Provisions for loan losses amounting to €519.7m (previous year: €250.2m) were recognised for these loans. The total amount of financial assets whose contractual terms and conditions were renegotiated to avoid a payment delay or default amounted to €130.7m as at the reporting date.

The following table shows the movement in provisions for loan losses:

€m	Opening balance 01.01.	Allocations	Utilisation	Reversals	Reclassi- fication	Currency effects	Closing balance 31.12.
<b>Provisions for loan losses – due from banks</b>							
Specific valuation allowances	181.4	159.1	–	–	32.5	–	373.0
Portfolio valuation allowances for creditworthiness risks	2.5	–	–	1.0	–	–	1.5
<b>Sub-total</b>	<b>183.9</b>	<b>159.1</b>	<b>–</b>	<b>1.0</b>	<b>32.5</b>	<b>–</b>	<b>374.5</b>
<b>Provisions for loan losses – due from customers</b>							
Specific valuation allowances	66.9	161.7	51.7	2.1	–	–1.5	173.3
Portfolio valuation allowances for country risks	24.2	0.8	–	3.6	–	–0.7	20.7
Portfolio valuation allowances for creditworthiness risks	33.3	28.9	–	–	–	–	62.2
<b>Sub-total</b>	<b>124.4</b>	<b>191.4</b>	<b>51.7</b>	<b>5.7</b>	<b>–</b>	<b>–2.2</b>	<b>256.2</b>
<b>Provisions for credit risks</b>							
Specific risks	14.0	11.0	–	4.5	–	–0.3	20.2
Portfolio risks	6.3	2.4	–	0.1	–	–	8.6
<b>Sub-total</b>	<b>20.3</b>	<b>13.4</b>	<b>–</b>	<b>4.6</b>	<b>–</b>	<b>–0.3</b>	<b>28.8</b>
<b>Total</b>	<b>328.6</b>	<b>363.9</b>	<b>51.7</b>	<b>11.3</b>	<b>32.5</b>	<b>–2.5</b>	<b>659.5</b>
Of which transport & trade finance	53.2	16.4	11.3	–	–	–1.2	57.1
Of which utility and project finance	51.1	95.1	32.1	–	–	0.1	114.2
Of which property risks	34.8	83.0	8.3	–	–	–1.5	108.0

Key ratios for provisions for loan losses:

%	2009	2008
<b>Allocation ratio as at reporting date</b> (Quotient from net allocation and lending volume)	–0.67	–0.47
<b>Default rate as at reporting date</b> (Quotient from loan defaults and lending volume)	0.10	0.16
<b>Average default rate</b> (Quotient from loan defaults in 5-year average and lending volume)	0.11	0.11
<b>Net provisioning ratio as at reporting date</b> (Quotient from provisions for loan losses and lending volume)	1.25	0.53

The above key ratios are based on the following lending volume:

€m	31.12.2009	31.12.2008
Due from banks <sup>1)</sup>	26,239.3	30,741.7
Due from customers <sup>1)</sup>	22,754.4	24,860.3
Contingent liabilities	648.3	855.8
Irrevocable lending commitments	2,715.2	5,128.6
<b>Total</b>	<b>52,357.2</b>	<b>61,586.4</b>

<sup>1)</sup> Excluding money transactions

Provision for loan losses by risk segment:

€m	Valuation allowances and provisions <sup>1)</sup> for loan losses		Loan defaults <sup>2)</sup>	Net allocations to <sup>3)/</sup> reversals of valuation allowances and provisions for loan losses
	31.12.2009	31.12.2008	2009	2009
<b>Customers</b>				
Property risks	108.0	34.8	8.0	-83.0
Utility & project finance	114.2	51.1	32.1	-95.1
Transport & trade finance	57.1	53.2	11.3	-16.4
Equity investments	3.0	3.0	-	-
Public infrastructure	2.5	2.3	-	-0.1
Other	0.2	0.3	-	0.1
<b>Total customers</b>	<b>285.0</b>	<b>144.7</b>	<b>51.4</b>	<b>-194.5</b>
<b>Banks</b>	<b>374.5</b>	<b>183.9</b>	<b>-</b>	<b>-158.1</b>
<b>Total</b>	<b>659.5</b>	<b>328.6</b>	<b>51.4</b>	<b>-352.6</b>

<sup>1)</sup> Deductible and non-deductible provisions for loan losses

<sup>2)</sup> Payments received on written-down receivables – negative in the column

<sup>3)</sup> Negative in the column

## [45] Financial assets at fair value through profit or loss

In addition to securities and receivables in the categories held for trading and designated at fair value, the item financial assets at fair value includes positive market values from derivative financial instruments in the trading book and from economic hedges that do not meet the criteria for hedge accounting in accordance with IAS 39.

€m	31.12.2009	31.12.2008	Change
<b>Held for Trading</b>			
Promissory note loans	21.6	386.7	-365.1
Money market securities	1,904.6	1,288.1	616.5
Bonds and debt securities	19,912.4	15,754.4	4,158.0
Shares	810.1	3,745.2	-2,935.1
Investment fund units	2,823.1	561.3	2,261.8
Other non fixed-interest securities	18.1	16.5	1.6
Positive market values from derivative financial instruments (trading)	18,448.3	13,226.7	5,221.6
Other trading assets	-	12.4	-12.4
<b>Total – held for trading</b>	<b>43,938.2</b>	<b>34,991.3</b>	<b>8,946.9</b>
<b>Designated at fair value</b>			
Receivables	2,538.7	2,031.2	507.5
Promissory note loans	83.0	157.6	-74.6
Money market securities	-	100.1	-100.1
Bonds and debt securities	13,358.4	15,229.3	-1,870.9
Shares	7.3	18.5	-11.2
Investment fund units	516.0	624.5	-108.5
Participating certificates	11.8	12.2	-0.4
Other non fixed-interest securities	-	2.6	-2.6
Positive market values from derivative financial instruments (economic hedges)	2,761.0	2,653.2	107.8
<b>Total – designated at fair value</b>	<b>19,276.2</b>	<b>20,829.2</b>	<b>-1,533.0</b>
<b>Total</b>	<b>63,214.4</b>	<b>55,820.5</b>	<b>7,393.9</b>

The increase in the portfolio in the held for trading category results from the expansion of DekaBank's trading activities in the reporting period.

Loans and receivables in the designated at fair value category include cumulative creditworthiness-related value adjustments of €0.1m (previous year: €-0.9m).

The bonds and other fixed-interest securities as well as shares and other non fixed-interest securities measured at fair value include the following listed paper:

€m	31.12.2009	31.12.2008	Change
Bonds and other fixed-interest securities	32,302.6	29,924.6	2,378.0
Shares and other non fixed-interest securities	3,552.7	4,267.2	-714.5

### [46] Positive market values from fair value hedges under IAS 39

The positive market values from hedging instruments, which meet the criteria for hedge accounting in accordance with IAS 39, break down according to underlying hedged transaction as follows:

€m	31.12.2009	31.12.2008	Change
<b>Assets</b>			
Due from banks			
Loans and receivables category	3.1	3.4	-0.3
Due from customers			
Loans and receivables category	15.6	13.7	1.9
<b>Liabilities</b>			
Due to banks	10.8	4.2	6.6
Due to customers	80.0	62.8	17.2
Securitised liabilities	74.0	42.9	31.1
Subordinated capital	22.9	15.9	7.0
<b>Total</b>	<b>206.4</b>	<b>142.9</b>	<b>63.5</b>

The hedging instruments referred chiefly to interest rate swaps.

**[47] Financial investments**

€m	31.12.2009	31.12.2008	Change
<b>Loans and receivables</b>			
Bonds and other fixed-interest securities	2,629.0	3,513.8	-884.8
<b>Held to maturity</b>			
Bonds and other fixed-interest securities	3,256.5	2,756.0	500.5
<b>Available for sale</b>			
Bonds and other fixed-interest securities	94.7	288.1	-193.4
Shares and other non fixed-interest securities	0.2	0.6	-0.4
Equity investments	31.5	30.6	0.9
Shares in affiliated, non-consolidated companies	2.3	5.3	-3.0
Shares in associated companies, not valued at equity	0.3	0.3	-
Shares in companies valued at equity	29.7	43.6	-13.9
<b>Financial investments before risk provision</b>	<b>6,044.2</b>	<b>6,638.3</b>	<b>-594.1</b>
Risk provision	-9.6	-31.9	22.3
<b>Total</b>	<b>6,034.6</b>	<b>6,606.4</b>	<b>-571.8</b>

Shares in affiliated companies, like equity investments, are stated at cost. No sale of these assets is currently intended.

Of the financial investments, the following are marketable and listed:

€m	31.12.2009	31.12.2008	Change
Bonds and other fixed-interest securities	5,497.9	5,458.2	39.7
Shares and other non fixed-interest securities	0.1	-	0.1

The following table shows the movement in long-term financial investments during the reporting year:

€m	Historical cost	Additions	Disposals	Reclassifications	Change in scope of consolidation			Book value	
					Cumulative	2009	2009	2008	
Equity investments	30.6	6.2	0.3	-5.0	-	-	-	31.5	30.6
Shares in affiliated companies	5.3	0.1	-	-0.1	-3.0	-	-	2.3	5.3
Shares in associated companies	0.3	-	-	-	-	-	-	0.3	0.3
Shares in companies valued at equity	120.1	3.9	-	5.1	-	99.4	23.0	29.7	43.6
<b>Total</b>	<b>156.3</b>	<b>10.2</b>	<b>0.3</b>	<b>-</b>	<b>-3.0</b>	<b>99.4</b>	<b>23.0</b>	<b>63.8</b>	<b>79.8</b>

There are no officially listed market prices for companies valued at equity in the Group. An impairment in the equity investment in S PensionsManagement GmbH was ascertained on the basis of a valuation report as part of an impairment test. Accordingly, the book value of the equity investment was written down to €20.0m.

The concerted action by the Federal Republic of Germany and a syndicate of renowned German banks and insurance companies to support the Hypo Real Estate Bank AG Group was extended in December 2009. The €23.0bn bond issued for this is guaranteed in full by the Financial Market Stabilisation Fund (SoFFin). The previous collateral structure therefore no longer applies. DekaBank participated in this follow-on financing to the amount of €919.2m.

## [48] Intangible assets

€m	31.12.2009	31.12.2008	Change
Purchased goodwill	93.7	120.4	-26.7
<b>Software</b>			
Purchased	9.1	11.3	-2.2
Developed in-house	15.9	15.2	0.7
<b>Total software</b>	<b>25.0</b>	<b>26.5</b>	<b>-1.5</b>
<b>Total</b>	<b>118.7</b>	<b>146.9</b>	<b>-28.2</b>

The goodwill arising from the acquisition of DKC Deka Kommunal Consult GmbH (DKC) amounting to €1.8m was allocated to the company as a cash-generating unit. Based on the planning to 2012, there is a full impairment in value of goodwill and the write-down is reported in administrative expenses.

The goodwill shown as at 31 December 2009 arose from the acquisition of a total holding of 99.74% in WestInvest Gesellschaft für Investmentfonds mbH. The goodwill is allocated to the Asset Management Property division as a cash-generating unit. An impairment test was performed as at 30 June 2009. The recoverable amount of the cash-generating unit was determined on the basis of the value in use. The expected cash flows were calculated for a five-year period on the basis of internal forecasts and empirical values; in addition, an annuity and a long-term growth rate of 1.0% were taken into account. This was discounted at a capitalisation rate of 10.05%. The book value of the goodwill was written down by the ascertained impairment of around €25.0m to €93.7m. The impairment test carried out on a routine basis as at 31 December 2009 was calculated using a capitalisation rate of 10.25% and did not ascertain any further impairment.

The following table shows the movement in intangible assets:

€m	Historical cost	Additions	Disposals	Depreciation		Book value	
				Cumulative	2009	2009	2008
Purchased goodwill	145.4	–	–	51.7	26.7	93.7	120.4
<b>Software</b>							
Purchased	76.9	4.2	2.5	69.5	4.7	9.1	11.3
Developed in-house	54.5	5.7	–	44.3	4.9	15.9	15.2
<b>Total software</b>	<b>131.4</b>	<b>9.9</b>	<b>2.5</b>	<b>113.8</b>	<b>9.6</b>	<b>25.0</b>	<b>26.5</b>
<b>Total</b>	<b>276.8</b>	<b>9.9</b>	<b>2.5</b>	<b>165.5</b>	<b>36.3</b>	<b>118.7</b>	<b>146.9</b>

## [49] Property, plant and equipment

€m	31.12.2009	31.12.2008	Change
Land and buildings	15.1	15.5	–0.4
Plant and equipment	20.3	21.9	–1.6
Technical equipment and machines	4.5	6.0	–1.5
<b>Total</b>	<b>39.9</b>	<b>43.4</b>	<b>–3.5</b>

The movement in property, plant and equipment in the DekaBank Group in financial year 2009 was as follows:

€m	Historical cost	Additions	Disposals	Depreciation		Book value	
				Cumulative	2009	2009	2008
Land and buildings	28.0	–	–	12.9	0.4	15.1	15.5
Plant and equipment	49.5	0.4	0.1	29.5	2.1	20.3	21.9
Technical equipment and machines	62.9	1.4	1.9	57.9	2.9	4.5	6.0
<b>Total</b>	<b>140.4</b>	<b>1.8</b>	<b>2.0</b>	<b>100.3</b>	<b>5.4</b>	<b>39.9</b>	<b>43.4</b>

**[50] Income tax assets**

€m	31.12.2009	31.12.2008	Change
Current income tax assets	5.6	137.3	-131.7
Deferred income tax assets	273.2	182.4	90.8
<b>Total</b>	<b>278.8</b>	<b>319.7</b>	<b>-40.9</b>

The deferred income tax assets represent the potential income tax relief from temporary differences between the values of assets and liabilities in the IFRS balance sheet and the tax balance sheet.

Of the deferred tax assets recognised for loss carryforwards, €24.1m is attributable to the corporation tax loss carryforward and €4.8m to the trade tax loss carryforward. Deferred tax assets of €1.7m were recognised for loss carryforwards of foreign operations and companies.

Deferred tax assets were recognised in relation to the following line items:

€m	31.12.2009	31.12.2008	Change
<b>Assets</b>			
Due from customers	0.1	0.3	-0.2
Financial assets at fair value	15.2	125.4	-110.2
Financial investments	3.0	3.8	-0.8
Other assets	0.2	0.2	-
<b>Liabilities</b>			
Due to banks	1.0	0.2	0.8
Due to customers	13.0	3.1	9.9
Securitised liabilities	217.3	196.1	21.2
Financial liabilities at fair value	1,469.2	1,059.6	409.6
Negative market values from derivative hedging instruments	1.3	52.8	-51.5
Provisions	47.6	17.8	29.8
Other liabilities	13.3	5.5	7.8
<b>Loss carryforwards</b>	<b>30.6</b>	<b>32.4</b>	<b>-1.8</b>
<b>Sub-total</b>	<b>1,811.8</b>	<b>1,497.2</b>	<b>314.6</b>
Netting	-1,538.6	-1,314.8	-223.8
<b>Total</b>	<b>273.2</b>	<b>182.4</b>	<b>90.8</b>

The deferred tax assets include €41.9m (previous year: €13.3m) which are medium or long-term in nature. At the reporting date, no deferred tax had been recognised at a Group company for a loss carryforward (€0.2m). There were no further temporary differences, loss carryforwards or tax credits for which deferred tax assets had not been recorded as at the reporting date.

The netting of deferred tax assets and liabilities refers mainly to short-term deferred taxes as a result of temporary differences relating to financial assets and liabilities at fair value.

Deferred income tax assets, which are offset directly against equity as a result of the revaluation of receivables and financial investments in the available for sale category, amounted to €0.1m (previous year: €0.1m) as at the reporting date.

## [51] Other assets

€m	31.12.2009	31.12.2008	Change
Amounts due from non-banking business	6.7	15.9	-9.2
Amounts due or refunds from other taxes	80.4	14.9	65.5
Amounts due from investment funds	196.6	182.3	14.3
Other assets	94.5	95.1	-0.6
Prepaid expenses	28.5	21.2	7.3
<b>Total</b>	<b>406.7</b>	<b>329.4</b>	<b>77.3</b>

Other assets include the overpaid profit shares of the atypical silent partners from the application of the taxes already withheld by DekaBank for the benefit of the partners amounting to €41.0m (previous year: €62.9m) as well as amounts due from custodial account holders of €3.4m (previous year: €11.8m).

## [52] Due to banks

€m	31.12.2009	31.12.2008	Change
Domestic banks	16,198.8	27,414.2	-11,215.4
Foreign banks	7,027.0	2,905.9	4,121.1
<b>Total</b>	<b>23,225.8</b>	<b>30,320.1</b>	<b>-7,094.3</b>

Amounts due to banks include payments received from genuine repurchase agreements amounting to €6.1bn (previous year: €6.0bn).

## [53] Due to customers

€m	31.12.2009	31.12.2008	Change
Domestic customers	18,153.5	23,156.9	-5,003.4
Foreign customers	5,619.9	10,588.1	-4,968.2
<b>Total</b>	<b>23,773.4</b>	<b>33,745.0</b>	<b>-9,971.6</b>

This item also included payments received from genuine repurchase agreements amounting to €20.7m (previous year: €1.6bn).

## [54] Securitised liabilities

The securitised liabilities include bonds and other liabilities, for which transferable certificates are issued. Under IAS 39, the own bonds held in the Group in the nominal amount of €1.0bn (previous year: €1.2bn) were deducted from the issued bonds.

€m	31.12.2009	31.12.2008	Change
Bonds issued	23,913.8	26,676.1	-2,762.3
Money market securities issued	1,133.4	425.9	707.5
<b>Total</b>	<b>25,047.2</b>	<b>27,102.0</b>	<b>-2,054.8</b>

## [55] Financial liabilities at fair value

In addition to trading issues and liabilities in the designated at fair value category, financial liabilities at fair value include negative market values from derivative financial instruments in the trading book as well as economic hedges which do not meet the criteria for hedge accounting in accordance with IAS 39. Delivery commitments arising from short sales of securities are also reported in this item.

€m	31.12.2009	31.12.2008	Change
<b>Held for trading</b>			
Trading issues	1,615.6	1,267.0	348.6
Delivery commitments arising from short sales of securities	7,466.6	6,019.0	1,447.6
Negative market values from derivative financial instruments (trading)	28,036.0	21,067.3	6,968.7
Other financial liabilities at fair value (trading)	-	3.8	-3.8
<b>Total – held for trading</b>	<b>37,118.2</b>	<b>28,357.1</b>	<b>8,761.1</b>
<b>Designated at fair value</b>			
Issues	13,846.2	9,027.8	4,818.4
Negative market values from derivative financial instruments (economic hedges)	2,820.0	2,756.2	63.8
<b>Total – designated at fair value</b>	<b>16,666.2</b>	<b>11,784.0</b>	<b>4,882.2</b>
<b>Total</b>	<b>53,784.4</b>	<b>40,141.1</b>	<b>13,643.3</b>

The portfolio increase in the held for trading category results from the expansion of DekaBank's trading activities during the reporting period.

The issues in the designated at fair value category include cumulative creditworthiness-related changes in value amounting to €-9.3m (previous year: €69.0m).

The book value of liabilities allocated to the designated at fair value category is €68.6m below the repayment amount. In the previous year, the book value was €130.3m below the repayment amount.

## [56] Negative market values from fair value hedges under IAS 39

The negative market values from hedging instruments which meet the criteria for hedge accounting in accordance with IAS 39 are shown below by hedged underlying transactions:

€m	31.12.2009	31.12.2008	Change
<b>Assets</b>			
Due from banks			
Loans and receivables category	222.1	174.1	48.0
Due from customers			
Loans and receivables category	189.1	182.4	6.7
Financial investments			
Loans and receivables category	82.9	152.7	-69.8
<b>Liabilities</b>			
Due to banks	-	1.1	-1.1
Due to customers	0.1	2.0	-1.9
Securitised liabilities	1.1	-	1.1
<b>Total</b>	<b>495.3</b>	<b>512.3</b>	<b>-17.0</b>

The hedging instruments referred chiefly to interest rate swaps.

## [57] Provisions for pensions and similar commitments

The following table shows the movement in provisions:

€m	Opening balance 01.01.	Additions	Utilisation	Reclassi- fications	Change in plan assets	Closing balance 31.12.
Provisions for pensions	5.8	10.9	11.0	-	-4.4	1.3
Provisions for similar commitments	18.1	0.4	4.9	0.3	-	13.9
Provisions for working hours accounts	-	0.9	-	-	-0.9	-
<b>Total</b>	<b>23.9</b>	<b>12.2</b>	<b>15.9</b>	<b>0.3</b>	<b>-5.3</b>	<b>15.2</b>

The item includes provisions for defined benefit obligations and breaks down as follows:

€m	31.12.2009	31.12.2008	31.12.2007	31.12.2006	31.12.2005
Unfunded defined benefit obligations	15.1	19.1	240.2	255.1	239.5
Fully or partially funded defined benefit obligations	264.8	233.9	33.5	27.5	17.9
Fair value of plan assets as at reporting date	-292.8	-264.2	-32.3	-26.5	-15.2
<b>Total commitment</b>	<b>-12.9</b>	<b>-11.2</b>	<b>241.4</b>	<b>256.1</b>	<b>242.2</b>
Actuarial net gains and losses not reported in the balance sheet	28.1	35.1	6.1	-27.4	-19.6
Of which experience-based adjustments to the value of the pension commitments as at the reporting date	7.0	-1.5	5.6	-15.5	
Of which experience-based adjustments to the expected return on the plan assets as at the reporting date	9.2	-15.1	-3.5	0.6	
<b>Pension provisions recognised</b>	<b>15.2</b>	<b>23.9</b>	<b>247.5</b>	<b>228.7</b>	<b>222.6</b>

The allocation to provisions for pensions, similar commitments and working hours accounts reported in administrative expenses comprises the following:

€m	31.12.2009	31.12.2008	Change
Current service cost	11.1	13.7	-2.6
Interest expenses	13.6	13.0	0.6
Change – additional liability	2.2	2.2	-
Actuarial gains and losses	-0.8	-	-0.8
Expected return on the plan assets	-14.1	-2.2	-11.9
Impact of settlements	-1.1	-	-1.1
<b>Allocation to provisions for pensions</b>	<b>10.9</b>	<b>26.7</b>	<b>-15.8</b>
Allocation to similar commitments	0.4	2.4	-2.0
Allocation to working hours accounts	0.9	0.9	-
<b>Total</b>	<b>12.2</b>	<b>30.0</b>	<b>-17.8</b>

The defined benefit obligations were calculated using the Heubeck mortality tables 2005 G based on the following actuarial parameters:

%	31.12.2009	31.12.2008	Change
Discount rate to calculate present value	5.40	6.00	-0.60
Pension trend for adjustments according to Section 16 (2) Company Pension Funds Act (BetrAVG) <sup>1)</sup>	2.00	2.00	-
Pension adjustment with overall trend updating <sup>1)</sup>	2.50	2.50	-
Salary trend <sup>1)</sup>	2.50	2.50	-

<sup>1)</sup> Not relevant for the valuation of fund-based commitments as these are not dependent on the final salary

For the forfeitable projected benefits, an average probable staff turnover rate of 3.11% is also used in the calculation. As in the previous year, the discount factor for similar commitments was 2.0%. This rate takes account of the shorter time to maturity compared to pension commitments as well as the rate of adjustment in early retirement and transitional payments not shown separately.

The movement in defined benefit obligations is as follows:

€m	2009	2008	Change
<b>Defined benefit obligations as at 1 January</b>	<b>253.0</b>	<b>273.8</b>	<b>-20.8</b>
Current service cost	11.1	13.7	-2.6
Interest expenses	13.6	13.0	0.6
Allocation to similar commitments	0.4	2.3	-1.9
Allocation to working hours accounts	0.9	0.9	-
Change in additional liability from fund-based commitments	2.2	2.2	-
Change in commitments	14.6	-41.3	55.9
Impact of settlements	-3.0	-	-3.0
Utilisation	-12.9	-11.7	-1.2
<b>Defined benefit obligations as at 31 December</b>	<b>279.9</b>	<b>253.0</b>	<b>26.9</b>

As at the reporting date, the plan assets were composed as follows:

€m	31.12.2009	Expected yield 2009	31.12.2008	Expected yield 2008
Mutual funds	42.6	6.65%	27.4	7.75%
Special funds	248.0	4.80%	234.4	5.25%
Other assets	2.2	-8.80%	2.4	-6.20%
<b>Total</b>	<b>292.8</b>		<b>264.2</b>	

The units in mutual funds are used to fund fund-based commitments and working hours accounts. Funds were invested in a special fund for commitments under final salary plans and general contribution schemes, the investment strategy of which is based on an integrated asset liability assessment. Other assets relate mainly to term life assurance policies. The premium balance with the insurer will be used up over the remaining term of the current insurance contracts. This therefore produces a negative expected yield.

Movement in plan assets:

€m	2009	2008	Change
Fair value of plan assets as at 1 January	264.2	32.3	231.9
Allocation to plan assets			
Through employer contributions	4.3	238.2	-233.9
Through employee contributions	5.0	6.6	-1.6
Return on plan assets			
Expected return on plan assets	14.1	2.2	11.9
Actuarial gains and losses	9.2	-15.1	24.3
Withdrawal for benefits	-1.0	-	-1.0
Withdrawal for settlement of obligations	-3.0	-	-3.0
Fair value of plan assets as at 31 December	292.8	264.2	32.6

Defined benefit obligations and the corresponding plan assets of €3.0m in each case were transferred in conjunction with the migration of employees to Dealis Fund Operations GmbH.

## [58] Other provisions

€m	31.12.2009	31.12.2008	Change
Provisions for income taxes	89.5	86.6	2.9
Provisions for credit risks	28.9	20.3	8.6
Provisions for legal proceedings and recourses	3.2	0.5	2.7
Provisions in human resources	0.2	-	0.2
Provisions for restructuring measures	37.5	15.6	21.9
Sundry other provisions	180.8	150.9	29.9
<b>Total</b>	<b>340.1</b>	<b>273.9</b>	<b>66.2</b>

The provisions for income taxes relate in particular to corporation and trade taxes. The change results from amended assessments carried out in the financial year for the tax audit period 2002 to 2006. A provision of €90.7m was recognised for de facto obligations in fund business (previous year: €137.0m). This is reported under sundry other provisions.

The table below shows the movement in other provisions during the reporting year:

€m	Opening balance 01.01.	Additions	Utilisation	Reversals	Reclassifications	Currency effects	Closing balance 31.12.
Provisions for income taxes	86.6	7.4	4.3	0.2	–	–	89.5
Provisions for credit risks (specific risks)	20.3	13.4	–	4.5	–	–0.3	28.9
Provisions for legal proceedings and recourses	0.5	3.0	0.1	0.2	–	–	3.2
Provisions in human resources	–	0.2	–	–	–	–	0.2
Provisions for restructuring measures	15.6	36.0	6.9	6.9	–0.3	–	37.5
Sundry other provisions	150.9	78.1	41.1	7.1	–	–	180.8
<b>Other provisions</b>	<b>273.9</b>	<b>138.1</b>	<b>52.4</b>	<b>18.9</b>	<b>–0.3</b>	<b>–0.3</b>	<b>340.1</b>

Depending on their original nature, some of the provisions for restructuring measures are reclassified as provisions for pensions and similar commitments in the subsequent year.

## [59] Income tax liabilities

€m	31.12.2009	31.12.2008	Change
Current income tax liabilities	122.6	115.2	7.4
Deferred income tax liabilities	275.5	140.6	134.9
<b>Total</b>	<b>398.1</b>	<b>255.8</b>	<b>142.3</b>

Current income tax liabilities include payments due but not yet paid as at the reporting date for income taxes from 2009 and earlier periods. The deferred income tax liabilities represent the potential income tax charges from temporary differences between the values of assets and liabilities in the IFRS balance sheet and the tax balance sheet.

Deferred tax liabilities were recognised in relation to the following line items in the balance sheet:

€m	31.12.2009	31.12.2008	Change
<b>Assets</b>			
Due from banks	3.4	0.3	3.1
Due from customers	14.4	83.7	-69.3
Financial assets at fair value	1,630.3	1,155.7	474.6
Positive market values from derivative hedging instruments	37.1	11.8	25.3
Financial investments	26.0	59.2	-33.2
Intangible assets	4.2	4.0	0.2
Property, plant and equipment	1.0	1.1	-0.1
Other assets	94.0	86.4	7.6
<b>Liabilities</b>			
Due to banks	-	5.6	-5.6
Provisions	1.0	40.4	-39.4
Other liabilities	2.7	7.2	-4.5
<b>Sub-total</b>	<b>1,814.1</b>	<b>1,455.4</b>	<b>358.7</b>
Netting	-1,538.6	-1,314.8	-223.8
<b>Total</b>	<b>275.5</b>	<b>140.6</b>	<b>134.9</b>

The deferred tax liabilities include €265.0m (previous year: €140.6m) which are medium or long-term in nature.

The netting of deferred tax assets and liabilities refer mainly to short-term deferred taxes as a result of temporary differences relating to financial assets and liabilities at fair value.

Deferred income tax liabilities, which are offset directly against equity as a result of the revaluation of bonds and other securities in the available for sale category, amounted to €1.1m (previous year: €0.9m) as at the reporting date.

## [60] Other liabilities

The breakdown of other liabilities is as follows:

€m	31.12.2009	31.12.2008	Change
<b>Liabilities</b>			
Liabilities from non-banking business	0.3	0.8	-0.5
Liabilities from current other taxes	17.2	41.3	-24.1
Commissions not yet paid to sales offices	80.1	91.2	-11.1
Securities spot deals not yet settled	13.8	-43.9	57.7
Other	85.6	307.1	-221.5
<b>Accruals</b>			
Closing and other audit costs	2.6	2.3	0.3
Sales performance compensation	277.5	327.0	-49.5
Personnel costs	96.6	68.2	28.4
Other accruals	70.4	134.6	-64.2
Prepaid income	26.7	35.6	-8.9
<b>Total</b>	<b>670.8</b>	<b>964.2</b>	<b>-293.4</b>

The item other includes trade accounts payable of €32.8m (previous year: €86.2m), liabilities to custodial account holders of €5.0m (previous year: €19.1m) as well as outstanding invoices from current operations.

## [61] Subordinated capital

€m	31.12.2009	31.12.2008	Change
Subordinated bearer bonds	855.4	850.9	4.5
Subordinated promissory note loans	200.3	125.0	75.3
Prorated interest on subordinated liabilities	22.2	20.4	1.8
Profit participation capital	78.0	152.9	-74.9
Prorated interest on profit	5.0	9.8	-4.8
Capital contributions of typical silent partners	755.6	755.6	-
Prorated interest on capital contributions of typical silent partners	64.1	64.1	-
<b>Total</b>	<b>1,980.6</b>	<b>1,978.7</b>	<b>1.9</b>

The structuring of subordinated bearer bonds and promissory note loans with subordination agreement is consistent with the requirements for allocation to liable capital specified in Section 10 (5a) of the German Banking Act (KWG). In the event of insolvency or liquidation, the subordinated liabilities may only be repaid after all non-subordinated creditors have been repaid. Conversion of these funds to capital or other form of debt is neither agreed nor intended. There is no early repayment obligation.

In detail, the issues are as follows:

Year of issue	Nominal amount €m	Eligible as liable capital €m	Interest rate in % p.a.	Maturity
2000	230.0	91.6	6-month-Libor	09.06.2010
2000	85.0	85.0	6.15 – 6.46	18.05.2012
2002	300.0	298.6	5.38	31.01.2014
2004	300.0	298.0	4.63	21.12.2015
2006	40.0	40.0	4.43	11.04.2016
2009	75.0	75.0	6.00	05.07.2019

According to the provisions of Section 10 (5) of the German Banking Act (KWG), profit participation capital forms part of the liable capital. The claims of holders of the profit participation rights to repayment of the capital are subordinate to those of other creditors. Interest payments are only made if an accumulated profit is achieved, while losses assumed are allocated in full pro rata of the share applicable to the profit participation capital.

The following table shows a breakdown of the profit participation capital:

Year of issue	Nominal amount €m	Eligible as liable capital €m	Interest rate in % p.a.	Maturity
2002	33.0	33.0	6.42	31.12.2011
2002	5.0	5.0	6.44	31.12.2011
2002	20.0	20.0	6.31	31.12.2011
2002	20.0	20.0	6.46	31.12.2013

The typical silent capital contributions (tranche I) with a nominal amount of €255.6m have been in place since the end of 1990 and are concluded for an indefinite period. The contracts concerning the silent partnership were terminated as at 31 December 2006 by DekaBank with three years' notice in accordance with the contract and the contributions were last eligible for inclusion as liable capital as at December 2007. The silent partners participate in full in an accumulated loss at DekaBank through a reduction in their repayment entitlement. The interest expenses for tranche I of the capital contributions by silent partners amounted to €28.1m (previous year: €28.1m) in the reporting year.

In 2002, typical silent capital contributions (tranche II) with a nominal amount of €500m were accepted for an indefinite period of time (perpetuals). DekaBank may only terminate these contributions with the consent of BaFin (Federal Financial Supervisory Authority) and a notice period of 24 months to the end of a financial year – for the first time with effect from 31 December 2012. Termination by the silent partners is excluded. As in the previous year, interest expenses for perpetuals amounted to €35.9m and are reported in net interest income (note [31]).

## [62] Atypical silent capital contributions

Atypical silent capital contributions amounted to €52.4m (previous year: €52.4m). The distribution on atypical silent capital contributions in the reporting year stood at €16.1m (previous year: €16.1m).

## [63] Equity

€m	31.12.2009	31.12.2008	Change
Subscribed capital	286.3	286.3	–
Capital reserve	190.3	190.3	–
<b>Reserves from retained earnings</b>			
Statutory reserve	13.2	13.2	–
Reserves required by the Bank's statutes	51.3	51.3	–
Other reserves from retained earnings	2,923.0	2,566.1	356.9
<b>Total reserves from retained earnings</b>	<b>2,987.5</b>	<b>2,630.6</b>	<b>356.9</b>
Revaluation reserve	2.5	1.9	0.6
Currency translation reserve	4.1	3.4	0.7
Consolidated profit/loss	28.6	28.6	–
Minority interests	0.7	98.8	–98.1
<b>Total</b>	<b>3,500.0</b>	<b>3,239.9</b>	<b>260.1</b>

## Notes to financial instruments

### [64] Book values by valuation category

At DekaBank, financial instruments are classified by balance sheet line item and IFRS categories in accordance with IFRS 7. The following table shows the book values of the financial instruments broken down into transactions allocated to fair value hedges and transactions not posted as hedges.

€m	No fair value hedge		Fair value hedge	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>Asset items</b>				
Loans and receivables (lar)				
Due from banks	35,879.6	40,864.4	2,955.1	3,119.3
Due from customers	20,923.8	27,151.0	2,939.6	2,608.2
Financial investments	1,957.9	2,654.6	662.7	827.8
Held to maturity (htm)				
Financial investments	3,255.3	2,755.5		
Available for sale (afs)				
Financial investments	158.7	368.5	–	–
Held for trading (hft)				
Financial assets at fair value	43,938.2	34,991.3		
Designated at fair value (dafv)				
Financial assets at fair value	19,276.2	20,829.2		
Positive market values from fair value hedges under IAS 39			206.4	142.9
<b>Total asset items</b>	<b>125,389.7</b>	<b>129,614.5</b>	<b>6,763.8</b>	<b>6,698.2</b>
<b>Liability items</b>				
Liabilities				
Due to banks	23,080.9	30,177.2	144.9	142.9
Due to customers	22,077.2	31,920.3	1,696.2	1,824.7
Securitised liabilities	23,588.1	25,902.0	1,459.1	1,200.0
Subordinated capital	1,659.1	1,662.6	321.5	316.1
Held for trading (hft)				
Financial liabilities at fair value	37,118.2	28,357.1		
Designated at fair value (dafv)				
Financial liabilities at fair value	16,666.2	11,784.0		
Negative market values from fair value hedges under IAS 39			495.3	512.3
<b>Total liability items</b>	<b>124,189.7</b>	<b>129,803.2</b>	<b>4,117.0</b>	<b>3,996.0</b>

## [65] Net income by valuation category

The individual valuation categories produce the following income contributions:

€m	2009	2008	Change
Held to maturity (htm)	105.1	92.4	12.7
Loans and receivables (lar)	1,784.2	3,169.0	-1,384.8
Other liabilities	-1,951.1	-3,691.3	1,740.2
Income not recognised in profit or loss	1.0	5.5	-4.5
Income recognised in profit or loss	9.7	22.4	-12.7
Available for sale (afs)	10.7	27.9	-17.2
Held for trading (hft)	260.4	485.4	-225.0
Designated at fair value (dafv)	201.3	-321.8	523.1
Valuation result from hedge accounting for fair value hedges	-10.0	-1.3	-8.7

The income is presented in line with its allocation to valuation categories in accordance with IAS 39. All income components, i.e. both sales and valuation results as well as interest and current income are included.

The valuation result from hedging derivatives and underlying transactions, which are fair value hedges under IAS 39, is reported in a separate item. Net interest income from hedging derivatives is reported in the held for trading category, while the income from hedged underlying transactions is allocated to loans and receivables or other liabilities in line with the respective origin category.

In connection with the amendments to IAS 39 published in October 2008, the DekaBank Group reclassified securities out of the held for trading and available for sale categories into the loans and receivables category.

The securities reclassified as at 1 July 2008 were derecognised due to maturity in 2009. There were no further reclassifications in the reporting year. The volume of financial instruments reclassified in 2008 is shown in the table below:

€m	Book value 31.12.2009	Fair value 31.12.2009	Valuation result 2009
Reclassification out of held for trading category as at 15.12.2008	8.3	7.9	0.5
Reclassification out of available for sale category as at 31.12.2008	5.6	5.6	-5.3
<b>Total</b>	<b>13.9</b>	<b>13.5</b>	<b>-4.8</b>

Had the financial instruments in the held for trading category not been reclassified, a negative valuation result of €0.5m would have been achieved as at the reporting date. The valuation result for the financial instruments in the available for sale category would have been the same without reclassification due to the valuation allowance recognised in the income statement.

## [66] Fair value data

Fair value is deemed to be the amount at which a financial instrument can be freely traded between knowledgeable and willing parties in an arm's length transaction. The following table shows the fair values of financial assets and liabilities compared to the respective book values.

€m	31.12.2009			31.12.2008		
	Fair Value	Book value	Difference	Fair Value	Book value	Difference
<b>Asset items</b>						
Cash reserve	285.7	285.7	–	1,457.2	1,457.2	–
Due from banks (loans and receivables)	39,400.7	38,834.7	566.0	44,462.9	43,983.7	479.2
Due from customers (loans and receivables)	24,111.3	23,863.4	247.9	29,826.1	29,759.2	66.9
Financial assets at fair value	63,214.4	63,214.4	–	55,820.5	55,820.5	–
Positive market values from fair value hedges under IAS 39	206.4	206.4	–	142.9	142.9	–
Loans and receivables	2,597.3	2,620.6	–23.3	3,564.2	3,482.4	81.8
Held to maturity	3,316.8	3,255.3	61.5	2,702.4	2,755.5	–53.1
Available for sale	158.7	158.7	–	368.5	368.5	–
Financial investments	6,072.8	6,034.6	38.2	6,635.1	6,606.4	28.7
<b>Total asset items</b>	<b>133,291.3</b>	<b>132,439.2</b>	<b>852.1</b>	<b>138,344.7</b>	<b>137,769.9</b>	<b>574.8</b>
<b>Liability items</b>						
Due to banks	23,439.2	23,225.8	213.4	30,526.4	30,320.1	206.3
Due to customers	24,316.3	23,773.4	542.9	34,256.8	33,745.0	511.8
Securitised liabilities	25,078.9	25,047.2	31.7	27,258.1	27,102.0	156.1
Financial liabilities at fair value	53,784.4	53,784.4	–	40,141.1	40,141.1	–
Negative market values from fair value hedges under IAS 39	495.3	495.3	–	512.3	512.3	–
Subordinated liabilities	2,034.7	1,980.6	54.1	2,052.7	1,978.7	74.0
<b>Total liability items</b>	<b>129,148.8</b>	<b>128,306.7</b>	<b>842.1</b>	<b>134,747.4</b>	<b>133,799.2</b>	<b>948.2</b>

For financial instruments due on demand, the fair value corresponds to the respective amount payable as at the reporting date. These include cash on hand and overdraft facilities and sight deposits with regard to banks and customers.

The fair values of amounts due from banks or customers are determined using the present value method. The future cash flows from receivables are discounted at a risk-adjusted market rate. The differing credit ratings of borrowers are taken into account through appropriate adjustments in the discount rates. This procedure also applies to securities held as loans and receivables. The fair value determined on the basis of financial valuation models can be considerably affected by the underlying assumptions. The fair value is therefore to be seen as the model value as at the reporting date, which could not necessarily be realised through the direct sale or settlement of the financial instrument.

Financial instruments in the held to maturity category are fixed-interest securities for which there is a liquid market. The fair values here correspond to the market prices.

The fair value of long-term liabilities is determined on the basis of market prices as well as by discounting the contractually agreed cash flows. The interest rates used are those at which the Group could issue comparable debt securities on the reporting date.

### Allocation according to fair value hierarchy

For allocation to the fair value hierarchy in accordance with the provisions of IFRS 7, the quality of the input parameters for determining fair value is defined according to the three levels below:

Level 1: Market prices, i.e. prices from active markets that are used unchanged

Level 2: Market data which are not market prices as in level 1 but which are directly (prices) or indirectly (derived from prices) observable in the market

Level 3: Factors which are not based on observable market data (i.e. assumptions and estimates of the management)

The decisive factor governing allocation of the individual financial instruments to the fair value hierarchy shown below is the level input that is significant to the fair value measurement in its entirety.

The table below shows the allocation of all financial instruments carried at fair value in accordance with the fair value hierarchy based on fair values with accrued interest:

Valuation	Level 1	Level 2	Level 3	Total	Fair Value
	%	%	%	%	€m
<b>Assets</b>					
Derivative financial instruments	13.2	86.5	0.3	100.0	22,409.3
Other financial instruments	61.8	31.4	6.8	100.0	41,105.7
<b>Liabilities</b>					
Derivative financial instruments	20.0	79.7	0.3	100.0	34,051.6
Other financial instruments	49.9	50.1	–	100.0	20,228.0

Structured financial instruments with embedded derivatives that have to be separated, which are allocated to the trading book or for which the fair value option has been exercised, are shown in the table under derivative financial instruments.

Provided that they are not products traded on the stock market, derivatives are in principle measured using standard valuation models based on observable market data. Fair values for insufficiently liquid securities as well as interest rate swaps and interest rate/currency swap agreements as well as unlisted interest rate futures are determined on the basis of discounted future cash flows (the discounted cash flow model). The market interest rates applying to the remaining term of the financial instruments are always used. The transactions valued using this method are allocated to level 2.

In principle, the fair value for non-synthetic securitisations as at the reporting date was calculated using the discounted cash flow model. Where the spreads currently observable for the relevant transaction are deemed to be valid, the market interest rate was used as the input for the discounted cash flow model. Otherwise the modified discounted cash flow model was used. The underlying discounting rate used in the model was determined on the basis of the current swap curve, the implied historical spread – derived from the last available liquid market price – and an adjustment for any changes in the credit rating in the meantime. The value thus calculated was also adjusted by a factor, determined using an indicator model. This factor reflects how the last observable market price would have had to change in the meantime (liquidity factor). In our opinion, the resultant fair value represents the price which market players acting rationally would have agreed. Where observable prices or price indications for individual transactions were deemed to be valid, these were applied or used to check the plausibility of the model-based fair values. As in the previous year, all non-synthetic securitisation transactions amounting to €2.8bn (previous year: €3.2bn) have been allocated to level 3.

The fair value of synthetic securitisation transactions is determined using Copula models calibrated to the market prices of liquid tranches. These are also shown in level 3 as the correlation assumptions of the underlying CDS portfolios represent material parameters for the valuation.

Where assumptions and estimates have been included in the valuation models, these were selected from a range of possible values using market information and management assessments. Confidence intervals for the mark-to-model values of the positions can be determined based on these ranges. Using the modified discounted cash flow procedure, the corresponding confidence intervals were determined for both the cash flows and the parameters to determine the liquidity factor. The same procedure was also used to determine the possible correlation values for the valuation of synthetic securitisation transactions.

### Disclosures relating to financial instruments in fair value hierarchy level 3

The movement in financial instruments in level 3 is shown in the table below based on fair values excluding accrued interest:

€m	Opening balance 01.01.	Reclassifica- tions out of level 3	Disposals	Maturity/ repayment	Valuation result	Closing balance 31.12.
<b>Assets</b>						
Derivative financial instruments	97.0	–	4.8	–	–20.7	71.5
Other financial instruments	5,535.6	1,631.0	535.4	486.2	–94.9	2,788.1
<b>Total assets</b>	<b>5,632.6</b>	<b>1,631.0</b>	<b>540.2</b>	<b>486.2</b>	<b>–115.6</b>	<b>2,859.6</b>
<b>Liabilities</b>						
Derivative financial instruments	146.7	–	3.7	–	45.5	104.9

Against the backdrop of the financial market crisis and resultant inactive markets, as well as the considerable liquidity spread developments in some cases, as at 31 December 2008 an increasing number of securities were identified as having external prices which were categorised as inactive (illiquid). For these securities, the fair value was determined based on the modified discounted cash flow model described above as for non-synthetic securitisation transactions. In financial year 2009, the bond positions were completely switched to market-oriented valuation, as a functioning market can be assumed from the middle of the year onwards. As the table above shows, for non-derivative financial instruments under assets, this resulted in a reclassification out of level 3 and into level 1 amounting to €1.6bn.

As at the reporting date, a negative valuation result of €2.1m was attributable to the level 3 financial instruments in the portfolio, which are allocated to the held for trading sub-category; this was reported in trading profit or loss. The valuation result for the financial instruments in the designated at fair value sub-category and the level 3 derivative financial instruments in the banking book amounted to €–85.4m and is reported in profit or loss on financial instruments designated at fair value. The valuation result also includes reversals of premiums and discounts amounting to €17.4m, which is reported in net interest income.

The profit realised on the disposal of derivative financial instruments amounts to €6.0m and is shown in profit or loss on financial instruments designated at fair value. A negative result totalling €9.2m was realised on the sale of non-derivative financial instruments, of which €2.5m was reported under net interest income and €–11.7m under profit or loss on financial instruments designated at fair value.

Using sensible possible alternative scenarios determined from the minimum and maximum of the confidence intervals produces a fair value for the portfolio as at the reporting date that was up to €43.3m lower or up to €67.2m higher.

## [67] Derivative transactions

The DekaBank Group uses derivative financial instruments for trading purposes and to hedge interest rate risks, currency risks and other price risks.

The following table shows the portfolio of derivative financial instruments by contract type:

Positive fair values €m	Maturity				Total	
	Up to 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	2009	2008
<b>Interest rate risks</b>						
<b>OTC products</b>						
Interest rate swaps	231.6	594.1	3,433.5	2,841.1	7,100.3	5,207.6
Forward rate agreements	0.8	0.6	–	–	1.4	46.2
<b>Interest rate options</b>						
Purchases	–	0.1	4.2	2.0	6.3	3.4
Other interest rate contracts	–	–	64.7	80.0	144.7	8.7
<b>Stock exchange traded products</b>						
Interest rate futures/options	2.6	0.3	–	–	2.9	5.5
<b>Sub-total</b>	<b>235.0</b>	<b>595.1</b>	<b>3,502.4</b>	<b>2,923.1</b>	<b>7,255.6</b>	<b>5,271.4</b>
<b>Currency risks</b>						
<b>OTC products</b>						
Foreign exchange future contracts	23.9	55.3	–	–	79.2	712.3
(Interest rate) currency swaps	2.6	46.7	201.8	73.6	324.7	314.1
<b>Sub-total</b>	<b>26.5</b>	<b>102.0</b>	<b>201.8</b>	<b>73.6</b>	<b>403.9</b>	<b>1,026.4</b>
<b>Share and other price risks</b>						
<b>OTC products</b>						
Share forward contracts	160.4	16.6	–	–	177.0	87.0
<b>Share options</b>						
Purchases	771.6	477.5	4,675.2	566.7	6,491.0	2,948.9
Credit derivatives	0.4	1.2	127.6	160.3	289.5	289.7
Other forward contracts	13.7	0.3	0.3	–	14.3	435.2
<b>Stock exchange traded products</b>						
Share options	26.5	829.1	5,768.5	151.8	6,775.9	5,955.3
Share futures	56.7	0.1	–	–	56.8	17.1
<b>Sub-total</b>	<b>1,029.3</b>	<b>1,324.8</b>	<b>10,571.6</b>	<b>878.8</b>	<b>13,804.5</b>	<b>9,733.2</b>
<b>Total</b>	<b>1,290.8</b>	<b>2,021.9</b>	<b>14,275.8</b>	<b>3,875.5</b>	<b>21,464.0</b>	<b>16,031.0</b>

Negative fair values €m	Maturity				Total	
	Up to 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	2009	2008
<b>Interest rate risks</b>						
<b>OTC products</b>						
Interest rate swaps	190.8	549.8	3,587.2	3,075.9	7,403.7	5,469.0
Forward rate agreements	0.1	2.5	3.0	–	5.6	36.7
<b>Interest rate options</b>						
Purchases	–	–	–	–	–	0.3
Sales	3.3	3.3	15.9	1.8	24.3	13.0
Caps, Floors	–	–	–	2.5	2.5	–
Other interest rate contracts	–	6.5	112.9	121.6	241.0	39.4
<b>Stock exchange traded products</b>						
Interest rate options	–	–	–	–	–	0.2
Interest rate futures	1.2	–	2.2	–	3.4	8.1
<b>Sub-total</b>	<b>195.4</b>	<b>562.1</b>	<b>3,721.2</b>	<b>3,201.8</b>	<b>7,680.5</b>	<b>5,566.7</b>
<b>Currency risks</b>						
<b>OTC products</b>						
Foreign exchange future contracts	47.4	53.9	–	–	101.3	614.5
(Interest rate) currency swaps	5.2	30.0	196.3	161.1	392.6	474.2
<b>Sub-total</b>	<b>52.6</b>	<b>83.9</b>	<b>196.3</b>	<b>161.1</b>	<b>493.9</b>	<b>1,088.7</b>
<b>Share and other price risks</b>						
<b>OTC products</b>						
Share forward contracts	19.9	11.6	–	–	31.5	625.1
<b>Share options</b>						
Sales	1,150.6	930.5	6,883.2	628.9	9,593.2	4,076.2
Credit derivatives	0.4	2.4	233.1	125.5	361.4	387.2
Other forward contracts	2.1	42.0	7.3	–	51.4	–
<b>Stock exchange traded products</b>						
Share options	2,858.0	2,340.8	7,785.0	150.2	13,134.0	12,584.9
Share futures	20.5	3.0	–	–	23.5	17.8
<b>Sub-total</b>	<b>4,051.5</b>	<b>3,330.3</b>	<b>14,908.6</b>	<b>904.6</b>	<b>23,195.0</b>	<b>17,691.2</b>
<b>Total</b>	<b>4,299.5</b>	<b>3,976.3</b>	<b>18,826.1</b>	<b>4,267.5</b>	<b>31,369.4</b>	<b>24,346.6</b>

The following table shows the positive and negative market values from derivative transactions by counterparty:

€m	Positive fair values		Negative fair values	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Banks in the OECD	7,956.0	7,042.2	8,650.0	6,534.9
Public offices in the OECD	99.0	52.4	12.0	37.5
Other counterparties	13,409.0	8,936.4	22,707.4	17,774.2
<b>Total</b>	<b>21,464.0</b>	<b>16,031.0</b>	<b>31,369.4</b>	<b>24,346.6</b>

## [68] Breakdown by remaining maturity

Remaining maturity is seen as the time between the reporting date and the contractually agreed maturity of the receivable or liability or their partial payment amount. Equity instruments were allocated to the “due on demand and indefinite term” maturity range. Financial assets and liabilities at fair value were in principle recognised according to contractual maturity, however financial instruments in the held for trading sub-category were recognised as having a maximum maturity of one year due to the intention to trade.

€m	31.12.2009	31.12.2008	Change
<b>Assets</b>			
<b>Due from banks</b>			
Due on demand and indefinite term	4,987.8	4,654.3	333.5
Up to 3 months	8,037.8	9,739.8	-1,702.0
Between 3 months and 1 year	4,441.5	5,637.7	-1,196.2
Between 1 year and 5 years	13,527.5	13,111.0	416.5
More than 5 years	7,840.1	10,840.9	-3,000.8
<b>Due from customers</b>			
Due on demand and indefinite term	432.6	2,521.9	-2,089.3
Up to 3 months	1,716.7	4,618.1	-2,901.4
Between 3 months and 1 year	2,471.3	2,163.7	307.6
Between 1 year and 5 years	12,064.1	11,364.3	699.8
More than 5 years	7,178.7	9,091.2	-1,912.5
<b>Financial assets at fair value</b>			
Due on demand and indefinite term	4,149.7	5,045.6	-895.9
Up to 3 months	9,419.0	8,669.9	749.1
Between 3 months and 1 year	35,816.2	28,542.1	7,274.1
Between 1 year and 5 years	6,810.2	5,395.6	1,414.6
More than 5 years	7,019.3	8,167.3	-1,148.0
<b>Positive market values from fair value hedges under IAS 39</b>			
Up to 3 months	1.9	1.1	0.8
Between 3 months and 1 year	4.8	4.5	0.3
Between 1 year and 5 years	96.7	49.4	47.3
More than 5 years	103.0	87.9	15.1
<b>Financial investments</b>			
Due on demand and indefinite term	0.3	0.5	-0.2
Up to 3 months	83.5	1,433.6	-1,350.1
Between 3 months and 1 year	997.4	440.6	556.8
Between 1 year and 5 years	909.3	728.3	181.0
More than 5 years	3,980.3	3,923.6	56.7

€m	31.12.2009	31.12.2008	Change
<b>Liabilities</b>			
<b>Due to banks</b>			
Due on demand and indefinite term	3,262.4	3,772.0	-509.6
Up to 3 months	13,669.0	17,754.4	-4,085.4
Between 3 months and 1 year	1,236.7	4,032.9	-2,796.2
Between 1 year and 5 years	4,052.6	3,234.3	818.3
More than 5 years	1,005.1	1,526.5	-521.4
<b>Due to customers</b>			
Due on demand and indefinite term	7,926.9	12,598.0	-4,671.1
Up to 3 months	4,054.4	7,128.0	-3,073.6
Between 3 months and 1 year	1,140.5	1,888.4	-747.9
Between 1 year and 5 years	5,868.1	5,787.2	80.9
More than 5 years	4,783.5	6,343.4	-1,559.9
<b>Securitised liabilities</b>			
Up to 3 months	1,506.9	942.6	564.3
Between 3 months and 1 year	2,600.6	3,848.5	-1,247.9
Between 1 year and 5 years	5,884.2	6,158.0	-273.8
More than 5 years	15,055.5	16,152.9	-1,097.4
<b>Financial liabilities at fair value</b>			
Due on demand and indefinite term	8,512.9	6,987.0	1,525.9
Up to 3 months	7,222.2	3,172.5	4,049.7
Between 3 months and 1 year	26,117.1	22,200.5	3,916.6
Between 1 year and 5 years	8,443.3	5,291.5	3,151.8
More than 5 years	3,488.9	2,489.6	999.3
<b>Negative market values from fair value hedges under IAS 39</b>			
Up to 3 months	11.6	9.5	2.1
Between 3 months and 1 year	1.9	2.0	-0.1
Between 1 year and 5 years	232.1	164.1	68.0
More than 5 years	249.7	336.7	-87.0
<b>Subordinated capital</b>			
Up to 3 months	91.3	94.3	-3.0
Between 3 months and 1 year	485.7	255.6	230.1
Between 1 year and 5 years	967.2	968.0	-0.8
More than 5 years	436.4	660.8	-224.4

## Other information

### [69] Equity management

The aim of equity management is to ensure adequate capital and reserves to carry out the Group strategy determined by the Board of Management and to achieve an appropriate return on equity and comply with regulatory capital and reserves requirements (see Note [70]). The definition of economic equity corresponds to the primary risk cover potential, on which the Group strategy is based. In principle, DekaBank determines the Group risk across all significant risk types that impact on income and also includes those risks not taken into consideration for regulatory purposes, for example business risk. Group risk is measured as the amount of capital that with a very high level of probability will suffice to cover losses from all of the main high risk positions within a year at any time. DekaBank uses the value-at-risk approach (VaR) in order to quantify individual risks on a uniform basis and aggregate them as an indicator for Group risk.

To assess the risk-bearing capacity on a differentiated basis, DekaBank distinguishes between primary and secondary risk cover potential in line with the legal position of the investor. The primary cover potential essentially comprises the equity in accordance with IFRS and the net income contribution for the year – that is the forecast profit reduced by a safety margin. The secondary cover potential includes hybrid capital type positions; these include profit participation capital and subordinated liabilities – each with a remaining maturity of at least one year – as well as typical silent capital contributions.

## [70] Equity under banking supervisory law

The capital and reserves of the DekaBank Group under banking supervisory law are determined in accordance with the provisions of the German Banking Act (KWG). Under Sections 10 and 10(a) KWG, the DekaBank Group is obliged to ensure adequate capital and reserves to meet its commitments towards its customers.

The capital and reserves are calculated on the basis of the individual financial statements of the consolidated Group companies and their national accounting standards. The following table shows the composition of capital and reserves:

€m	31.12.2009	31.12.2008	Change
Subscribed capital	286.3	286.3	–
Open reserves	441.7	443.3	–1.6
Silent capital contributions	552.4	552.4	–
Fund for general banking risks	1,570.8	1,213.5	357.3
Interim profit under Section 10 (3) KWG	–	135.0	–135.0
Deductions under Section 10 (2a) German Banking Act	12.4	12.7	–0.3
Deductions under Section 10 (6) and (6a) KWG (half)	0.3	23.0	–22.7
Of which deduction amounts under Section 10 (6a) No. 1 and 2 KWG	0.3	10.6	–10.3
<b>Core capital</b>	<b>2,838.5</b>	<b>2,594.8</b>	<b>243.7</b>
Profit participation capital	78.0	153.0	–75.0
Subordinated liabilities	889.0	813.2	75.8
Other components	246.6	323.8	–77.2
Deductions under Section 10 (6) and (6a) KWG (half)	0.3	23.0	–22.7
Of which deduction amounts under Section 10 (6a) No. 1 and 2 KWG	0.3	10.6	–10.3
<b>Supplementary capital</b>	<b>1,213.3</b>	<b>1,267.0</b>	<b>–53.7</b>
<b>Modified available capital</b>	<b>4,051.8</b>	<b>3,861.8</b>	<b>190.0</b>
Tier III funds	–	–	–
<b>Capital and reserves</b>	<b>4,051.8</b>	<b>3,861.8</b>	<b>190.0</b>

The core capital of the DekaBank Group increased by €243.7m compared to the prior year. The change mainly stems from the application of net income for financial year 2008 with an allocation to the fund for general banking risks.

The supplementary capital declined by €53.7m compared to the previous year. The reduction stems essentially from the other components, for which there was a partial reversal of provisions under Section 340 f German Commercial Code (HGB).

Since 30 June 2007, the adequacy of the capital and reserves has been determined under the Solvency Regulation (SolV). The risk weighted default risks are essentially determined according to the IRB approach based on internal ratings. The equity backing of market price risks is carried out using the standard method. Since 2008, operational risks have been measured using the advanced AMA approach. The above risk factors are to be backed by capital and reserves in each case.

The items subject to a capital charge are shown in the following table:

€m	31.12.2009	31.12.2008	Change
Default risks	20,713.0	23,213.0	-2,500.0
Market risk positions	6,975.0	6,112.5	862.5
Operational risks	1,725.0	1,688.0	37.0

The decline in default risks results essentially from the internal rating system "fund" used for the first time for supervisory purposes. BaFin allowed DekaBank to use the rating system in the IRB approach in the reporting year. Previously, comparatively high risk weightings were used in the credit risk standard approach.

The rise in market risk positions essentially stems from higher capital charges for the general interest rate change risk in the trading book. To calculate the capital charges, DekaBank uses the standard procedures prescribed by the Federal Financial Supervisory Authority (BaFin), which normally considerably exaggerate the risk. Development of the economic interest rate risk in the trading book is shown in the risk report in the management report.

The adequacy of the capital and reserves is assessed using the ratio of relevant items subject to a capital charge to capital and reserves (= total capital ratio) or to core capital (= core capital ratio). The tables below show the ratios for the Group, DekaBank Deutsche Girozentrale and for important banking subsidiary DekaBank Deutsche Girozentrale Luxembourg S.A.:

%	31.12.2009	31.12.2008	Change
<b>DekaBank Group</b>			
Core capital ratio (including market risk positions)	9.7	8.4	1.3
Core capital ratio (excluding market risk positions)	12.7	10.5	2.2
Total capital ratio	13.8	12.5	1.3
<b>DekaBank Deutsche Girozentrale</b>			
Core capital ratio (including market risk positions)	9.4	8.2	1.2
Core capital ratio (excluding market risk positions)	12.5	10.6	1.9
Total capital ratio	12.8	11.8	1.0
<b>DekaBank Deutsche Girozentrale Luxembourg S.A.</b>			
Core capital ratio (including market risk positions)	11.4	7.8	3.6
Core capital ratio (excluding market risk positions)	11.7	8.1	3.6
Total capital ratio	23.4	17.1	6.3

The core capital ratio (including market risk positions) takes account of half of the deductions under Section 10 (6) and (6a) of the German Banking Act (KWG).

The capital and reserves requirement under banking supervisory law was complied with at all times during the reporting year and stands considerably above the statutory minimum values.

## [71] Contingent and other liabilities

The off-balance sheet liabilities of the DekaBank Group refer essentially to potential future liabilities of the Group arising from credit lines granted but not drawn down and time-limited credit lines. The amounts stated reflect the potential liabilities if the credit lines granted are used in full. The risk provision for off-balance sheet liabilities reported in the balance sheet was reduced by these amounts.

€m	31.12.2009	31.12.2008	Change
Irrevocable lending commitments	2,715.2	5,120.4	-2,405.2
Other liabilities	636.2	456.4	179.8
<b>Total</b>	<b>3,351.4</b>	<b>5,576.8</b>	<b>-2,225.4</b>

Other financial liabilities include payment obligations of €0.1m (previous year: €3.1m) and subsequent payment obligations of €30.0m (previous year: €36.2m) to external or non-consolidated companies. There is an additional funding obligation for the security reserve of the *Landesbanken* of €107.9m (previous year: €125.4m).

The guarantees provided by DekaBank refer to financial guarantees under IFRS, which are stated net in compliance with IAS 39. The nominal amount of the guarantees in place as at 31 December 2009 is €0.6bn (previous year: €0.9bn).

The DekaBank Group's range of products contains investment funds with market value guarantees of varying degrees. For fixed-term funds with these features, the capital invested less charges is guaranteed as at the maturity date, while a minimum unit value is agreed for specific cut-off dates for such funds without a fixed term. As at the reporting date, a provision totalling €1.9m had been recognised as a result of the performance of the fund assets. As at the reporting date, the guarantees covered a maximum volume of €7.6bn (previous year: €7.0bn) at the respective guarantee dates. The present value of the volume amounted to €7.0bn (previous year: €6.3bn). The market value of the corresponding fund assets totalled €7.6bn (previous year: €6.8bn).

## [72] Assets transferred or received as collateral

Assets were transferred as collateral for own liabilities in connection with genuine repurchase agreements, securities lending transactions and other securities transactions of a similar nature.

€m	31.12.2009	31.12.2008	Change
<b>Book value of transferred collateral securities for</b>			
Repurchase agreements	2,701.7	2,087.1	614.6
Securities lending transactions	453.3	1,022.3	-569.0
Other securities transactions	3,051.3	383.8	2,667.5
<b>Total</b>	<b>6,206.3</b>	<b>3,493.2</b>	<b>2,713.1</b>

In addition, assets amounting to €25.0bn (previous year: €27.2bn) were deposited in the blocked custody account as cover funds in line with the *Pfandbrief* Act.

Furthermore, securities and loans with a collateral value of €6.4bn were deposited with *Deutsche Bundesbank* for refinancing purposes. Securities with a nominal value of €8.3bn were deposited as collateral for transactions on German and foreign futures exchanges.

DekaBank received collateral with a market value of €11.7bn (previous year: €15.8bn) for genuine repurchase agreements and securities lending transactions as well as other securities transactions, which may be repledged or resold even without the default of the party providing the collateral.

## [73] Financial instruments transferred but not derecognised

The Group transfers financial assets while retaining the material opportunities and risks arising from these assets. The transfer mainly takes place parting the context of genuine repurchase and securities lending transactions. In addition, securities are sold in combination with the conclusion of derivatives, so that in commercial terms there is no disposal of the securities. These assets continue to be reported in the balance sheet.

€m	31.12.2009	31.12.2008	Change
<b>Carrying value of non-derecognised securities for</b>			
Securities lending transactions	1,480.1	3,096.4	-1,616.3
Genuine repurchase transactions	2,701.7	2,087.1	614.6
Other sales without commercial disposal	3,051.3	383.8	2,667.5
<b>Total</b>	<b>7,233.1</b>	<b>5,567.3</b>	<b>1,665.8</b>

Liabilities of €6.1bn (previous year: €3.5bn) were reported for financial instruments transferred but not derecognised.

## [74] Volume of foreign currency transactions

As a result of its business policy, DekaBank does not have extensive open currency positions. The existing currency positions stem mainly from temporary market value changes on financial products, especially capital market credit products.

€m	31.12.2009	31.12.2008	Change
British pound (GBP)	148.0	48.8	99.2
US dollar (USD)	91.5	27.5	64.0
Swiss franc (CHF)	12.7	11.3	1.4
Japanese yen (JPY)	11.4	3.3	8.1
Hong Kong dollar (HKD)	11.3	0.2	11.1
Norwegian krone (NOK)	5.2	3.8	1.4
Swedish krona (SEK)	5.1	2.6	2.5
Australian dollar (AUD)	1.2	7.7	-6.5
Other foreign currencies	8.5	12.8	-4.3
<b>Total</b>	<b>294.9</b>	<b>118.0</b>	<b>176.9</b>

## [75] Letter of comfort

Except in the case of political risk, DekaBank will ensure that DekaBank Deutsche Girozentrale Luxembourg S.A. can meet its commitments. DekaBank Deutsche Girozentrale Luxembourg S.A. for its part has issued a letter of comfort in favour of

- Deka International S.A., Luxembourg and
- International Fund Management S.A., Luxembourg.

## [76] List of shareholdings

DekaBank directly or indirectly holds at least 20% of the shares in the following companies:

Consolidated subsidiaries:

Name, registered office	Equity share in %
Deka Beteiligungs GmbH, Frankfurt/Main	100.00
Deka Grundstücksverwaltungsgesellschaft I (GbR), Frankfurt/Main	100.00
Deka Immobilien GmbH, Frankfurt/Main	100.00
Deka Immobilien Investment GmbH, Frankfurt/Main	100.00
Deka Immobilien Luxembourg S.A., Luxembourg	100.00
Deka International (Ireland) Ltd. i.L., Dublin	100.00
Deka International S.A., Luxembourg	100.00
Deka Investment GmbH, Frankfurt/Main	100.00
Deka Investors Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Frankfurt/Main	100.00
Deka Real Estate Lending k.k., Tokyo	100.00
Deka(Swiss) Privatbank AG, Zurich	80.00 <sup>1)</sup>
DekaBank Deutsche Girozentrale Luxembourg S.A., Luxembourg	100.00
DKC Deka Kommunal Consult GmbH, Düsseldorf	100.00
ETFlab Investment GmbH, Munich	100.00
International Fund Management S.A., Luxembourg	100.00
Roturo S.A., Luxembourg	100.00
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf	99.74
WIV GmbH & Co. Beteiligungs KG, Frankfurt/Main	94.90

<sup>1)</sup> Consolidation ratio based on economic ownership 100%

Consolidated funds:

Name, registered office	Equity share in %
A-DGZ 2-FONDS, Frankfurt/Main	100.00
A-DGZ 3-FONDS, Frankfurt/Main	100.00
A-DGZ 4-FONDS, Frankfurt/Main	100.00
A-DGZ 5-FONDS, Frankfurt/Main	100.00
A-DGZ 6-FONDS, Frankfurt/Main	100.00
A-DGZ 7-FONDS, Frankfurt/Main	100.00
A-DGZ-10-FONDS, Frankfurt/Main	100.00
A-DGZ-FONDS, Frankfurt/Main	100.00
A-Treasury 2000-FONDS, Frankfurt/Main	100.00
A-Treasury 93-FONDS, Frankfurt/Main	100.00
DDDD-FONDS, Frankfurt/Main	100.00
Deka-Treasury Corporates-FONDS, Frankfurt/Main	100.00

Associated companies and joint ventures consolidated using the equity method:

<b>Name, registered office</b>	<b>Equity share in %</b>
S PensionsManagement GmbH, Cologne	50.00
Dealis Fund Operations GmbH, Frankfurt/Main	49.90
S Broker AG & Co. KG, Wiesbaden	30.64

Non-consolidated companies:

<b>Name, registered office</b>	<b>Equity share in %</b>
Datogon S.A., Luxembourg	100.00
Deka Immobilien Beteiligungsgesellschaft mbH, Frankfurt/Main (formerly: WestInvest Erste Beteiligungs- und Verwaltungs GmbH)	100.00
Deka Immobilien k.k., Tokyo	100.00
Deka Loan Investors Luxembourg I, Luxembourg	100.00
Deka Loan Investors Luxembourg II, Luxembourg	100.00
Deka Loan Investors Luxembourg III, Luxembourg	100.00
Deka Multi Asset Investors Luxembourg, Luxembourg	100.00
Deka Treuhand GmbH, Frankfurt/Main	100.00
Deka Vermögensverwaltungs GmbH, Frankfurt/Main	100.00
Deka Verwaltungs GmbH, Frankfurt/Main	100.00
Deka Vorratsgesellschaft 01 mbH, Frankfurt/Main	100.00
Deka Vorratsgesellschaft 02 mbH, Frankfurt/Main	100.00
DekaBank Advisory Ltd., London	100.00
Deutsche Landesbankenzentrale AG, Berlin	100.00
Europäisches Kommunalinstitut S.A.R.L., Luxembourg	100.00
LBG Leasing Beteiligungs-GmbH, Frankfurt/Main	100.00
Perfeus S.A., Luxembourg	100.00
STIER Immobilien AG, Frankfurt/Main	100.00
WIV Verwaltungs GmbH, Frankfurt/Main	94.90
Deka-WestLB Asset Management Luxembourg S.A., Luxembourg	51.00
Deka-Neuburger Institut für wirtschaftsmathematische Beratung GmbH, Frankfurt/Main	50.00
Global Format GmbH & Co. KG, Munich	20.00

## Non-consolidated mutual funds:

Name, registered office	Fund volume €m	Equity share in %
Deka-AktienEuropa 130/30, Luxembourg	4.4	100.00
Deka-Immobilien PremiumPlus – Institutionelle, Luxembourg	1.5	100.00
DekaLux-FRL Mix: Rendite, Luxembourg	0.5	100.00
DekaLux-FRL Mix: Chance, Luxembourg	0.6	100.00
DekaLux-FRL Mix: ChancePlus, Luxembourg	0.6	100.00
OPTIVOL 1200, Frankfurt/Main	1.0	100.00
OPTIVOL 750, Frankfurt/Main	1.0	100.00
RE-AVT-FundMaster, Frankfurt/Main	25.6	100.00
Deka-Russland, Luxembourg	28.0	98.95
Deka-BonusStrategie 3y (II), Frankfurt/Main	25.9	98.86
DekaLux-FRL Mix: Wachstum, Luxembourg	0.7	80.17
Deka-Zielfonds 2045-2049, Frankfurt/Main	2.3	73.75
Deka-HedgeSelect, Frankfurt/Main	85.6	72.63
Deka-RenditeStrategie 12/2013, Luxembourg	25.4	67.40
Deka-Zielfonds 2050-2054, Frankfurt/Main	2.5	62.97
Deka-Zielfonds 2040-2044, Frankfurt/Main	2.7	61.73
Deka-EuroRent 3y, Frankfurt/Main	40.1	57.75
ETFlab iBoxx € Liquid Sovereign Diversified 1-10, Munich	3.8	56.22
ZukunftPlan III, Frankfurt/Main	0.5	52.70
ETFlab Deutsche Börse EUROGOV® Germany Money Market, Munich	324.6	52.59
Deka-BR 45, Frankfurt/Main	6.8	51.58
RE-FundMaster, Frankfurt/Main	18.9	50.13
ETFlab iBoxx € Liquid Sovereign Diversified 1-3, Munich	65.8	49.84
ETFlab DJ STOXX® Strong Style Composite 40, Munich	10.9	49.51
ETFlab DAX®, Munich	1,776.2	49.51
ETFlab iBoxx € Liquid Sovereign Diversified 5-7, Munich	20.6	49.49
Deka-ZielGarant 2046-2049, Luxembourg	2.6	49.44
ETFlab MSCI USA, Munich	3.3	49.34
ETFlab iBoxx € Liquid Sovereign Diversified 3-5, Munich	10.3	48.87
ETFlab MSCI Japan LC, Munich	20.9	48.79
iShares DJ STOXX 600 Construction & Materials Swap (DE), Munich	17.2	48.62
ETFlab MSCI Japan MC, Munich	0.8	48.60
ETFlab DJ STOXX® Strong Value 20, Munich	3.3	48.38
ETFlab DJ STOXX® Strong Growth 20, Munich	1.9	48.30
ETFlab iBoxx € Liquid Sovereign Diversified 7-10, Munich	37.0	47.62
ETFlab MSCI Europe MC, Munich	1.1	47.61
ETFlab DJ EURO STOXX 50®, Munich	1,969.1	47.58
ETFlab MSCI Europe, Munich	0.9	47.35
ETFlab MSCI USA MC, Munich	0.2	47.09
ETFlab DJ EURO STOXX® Select Dividend 30, Munich	14.0	46.83
Deka-Zielfonds 2035-2039, Frankfurt/Main	3.3	46.39
ETFlab Deutsche Börse EUROGOV® Germany 10+, Munich	29.9	45.27
Deka-ZielGarant 2042-2045, Luxembourg	2.3	45.24
ETFlab Deutsche Börse EUROGOV® Germany 5-10, Munich	52.0	42.46
ETFlab Deutsche Börse EUROGOV® Germany 3-5, Munich	34.5	42.42

## Non-consolidated mutual funds:

<b>Name, registered office</b>	<b>Fund volume €m</b>	<b>Equity share in %</b>
ETFlab MSCI Europe LC, Munich	15.7	41.81
ETFlab MSCI USA LC, Munich	53.9	41.28
ETFlab Deutsche Börse EUROGOV® Germany, Munich	42.6	41.25
ETFlab iBoxx € Liquid Germany Covered Diversified, Munich	30.1	40.64
ETFlab DAX® (distributing), Munich	71.7	39.12
Haspa Zielfonds 2021-2024, Frankfurt/Main	1.0	39.10
Haspa Zielfonds 2025-2028, Frankfurt/Main	1.1	38.40
Haspa ZielGarant 2021-2024, Luxembourg	2.3	37.29
ETFlab DJ EURO STOXX 50® Short, Munich	4.8	37.11
Haspa ZielGarant 2025-2028, Luxembourg	2.2	36.41
iShares DJ STOXX 600 Chemicals Swap (DE), Munich	31.8	36.38
ETFlab iBoxx € Liquid Sovereign Diversified 10+, Munich	4.3	35.95
Haspa Zielfonds 2017-2020, Frankfurt/Main	1.0	35.30
ETFlab Deutsche Börse EUROGOV® Germany 1-3, Munich	31.8	34.40
Deka-Immobilien PremiumPlus – Private Banking, Luxembourg	105.4	33.13
iShares DJ STOXX 600 Utilities Swap (DE), Munich	32.2	32.89
Haspa ZielGarant 2017-2020, Luxembourg	2.9	31.86
iShares DJ STOXX 600 Personal & Household Goods (DE), Munich	18.6	30.48
IFM Euroaktien, Luxembourg	31.3	30.35
Deka-Treasury CreditStrategie, Luxembourg	52.4	29.34
iShares DJ STOXX 600 Oil & Gas Swap (DE), Munich	31.6	28.09
Deka-Institutionell Aktien Europa, Frankfurt/Main	16.3	26.94
iShares DJ STOXX 600 Technology Swap (DE), Munich	11.7	26.60
WestInvest Target Select Hotel, Düsseldorf	22.2	23.78
ETFlab MSCI Japan, Munich	0.2	23.60
WestInvest Target Select Logistics, Düsseldorf	36.4	23.47
Gutmann Emerging Markets Balanced Portfolio, Vienna	56.0	22.50
Assenagon Primus – 1M Euribor, Luxembourg	47.0	21.39
ZukunftsPlan IV, Frankfurt/Main	0.6	21.34
Deka-Convergence Small MidCap, Luxembourg	8.9	20.18

## [77] Related party disclosures

Transactions are carried out with related parties at normal market terms and conditions as part of ordinary business activities. The table below shows the extent of these transactions.

Business dealings with shareholders of DekaBank and non-consolidated subsidiaries:

€m	Shareholders		Subsidiaries	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>Assets</b>				
Due from customers	–	–	–	6.9
Financial assets at fair value	–	–	3.9	–
Other assets	–	–	0.3	–
<b>Total asset items</b>	<b>–</b>	<b>–</b>	<b>4.2</b>	<b>6.9</b>
<b>Liabilities</b>				
Due to customers	26.8	14.8	10.6	24.6
Financial liabilities at fair value	–	–	0.4	–
<b>Total items</b>	<b>26.8</b>	<b>14.8</b>	<b>11.0</b>	<b>24.6</b>

Business dealings with joint ventures, associated companies and other related parties:

€m	Joint ventures/ associated companies		Other related parties	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>Assets</b>				
Due from customers	28.2	0.7	0.2	154.0
Financial assets at fair value	0.6	–	–	0.8
Other assets	10.6	–	0.3	–
<b>Total asset items</b>	<b>39.4</b>	<b>0.7</b>	<b>0.5</b>	<b>154.8</b>
<b>Liabilities</b>				
Due to customers	46.2	10.3	2.1	155.2
Financial liabilities at fair value	–	0.2	–	–
Other liabilities	0.1	–	–	–
<b>Total liability items</b>	<b>46.3</b>	<b>10.5</b>	<b>2.1</b>	<b>155.2</b>

Own mutual and special funds where the holding of the DekaBank Group exceeds 20% as at the reporting date are no longer reported under other related parties but under non-consolidated subsidiaries or joint ventures and associated companies in accordance with the equity holding. The previous year's figures were adjusted accordingly.

During the reporting year, investment companies in the DekaBank Group participated in the agency lending platform offered by DekaBank. In this connection, potentially lendable securities in the managed funds with a total volume on average of €53.9bn (previous year: €58.9bn) were made available to DekaBank in its capacity as agent. In return, the funds received payments from DekaBank of €34.0m (previous year: €37.7m).

Natural persons deemed to be related parties under IAS 24 are the members of the Board of Management and Administrative Board of DekaBank as the parent company. Please see note [79] for information concerning remuneration and business transactions with the persons in question.

### [78] Average number of staff

	31.12.2009	31.12.2008	Change
Full-time employees	3,126	3,130	-4
Part-time and temporary employees	496	499	-3
<b>Total</b>	<b>3,622</b>	<b>3,629</b>	<b>-7</b>

### [79] Remuneration to Board members

€	2009	2008	Change
<b>Remuneration of active Board of Management members</b>			
Short-term benefits	5,079,251	10,605,083	-5,525,832
Scope of obligation under defined benefit plans (defined benefit obligation)	6,795,005	4,947,480	1,847,525
<b>Remuneration of former Board of Management members and their dependents</b>			
Post-employment benefits	2,183,010	2,186,659	-3,649
Scope of obligation under defined benefit plans (defined benefit obligation)	31,797,068	30,677,507	1,119,561
Scope of obligation for similar commitments	2,304,162	2,288,801	15,361

The short-term benefits due to the members of the Board of Management include all remuneration paid in the respective financial year, including variable components attributable to previous years and are therefore dependent on business performance in earlier periods. The remuneration for members of the Administrative Board totalled €657.3 thousand (previous year: €650.2 thousand).

In financial year 2009, €1.3m was allocated to provisions for pensions for active members of the Board of Management (previous year: €1.8m). This includes voluntary salary sacrifice components from the short-term benefits of the Board of Management amounting to €0.1m (previous year: €0.6m).

The total commitments of €38.6m determined on an actuarial basis for active and former members of the Board of Management as at the reporting date are countered by plan assets of around €43.3m (previous year: €41.3m).

The provision for payments relating to the termination of the employment of former Board of Management members amounted to €0.2m (previous year: €0.8m). This was reported under provisions for restructuring measures.

## [80] Auditor's fees

The following fees were recorded as expenses for the auditors of the consolidated financial statements in the reporting year:

€m	2009	2008	Change
<b>Fees for</b>			
Year-end audit services	2.8	2.2	0.6
Other auditing services	1.4	0.3	1.1
Tax advisory services	0.2	0.2	–
Other services	0.8	0.5	0.3
<b>Total</b>	<b>5.2</b>	<b>3.2</b>	<b>2.0</b>

## [81] Additional miscellaneous information

The consolidated financial statements were approved for publication on 12 February 2010 by the Board of Management of DekaBank.

## Assurance of the Board of Management

We assure that to the best of our knowledge, the consolidated financial statements prepared in accordance with the applicable reporting standards convey a true and fair view of the net assets, financial position and results of operations of the Group and that the management report conveys a true and fair view of the business performance including the business results and position of the Group and suitably presents the material risks and opportunities and likely development of the Group.

Frankfurt am Main, 12 February 2010

DekaBank  
Deutsche Girozentrale

## The Board of Management



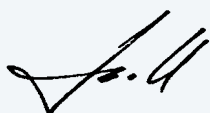
Waas, Ph.D.



Behrens



Dr. Danne



Groll



Gutenbergberger



Dr. h. c. Oelrich

## Auditor's Report

We have audited the consolidated financial statements prepared by the DekaBank Deutsche Girozentrale, Berlin/Frankfurt am Main, comprising the balance sheet, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2009. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch" German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (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 consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group 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 consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group 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 consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 15 February 2010

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

(Roland Rausch)	(Stefan Palm)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)