STANDARD & POOR'S

RATINGSDIRECT®

July 27, 2007

DekaBank Deutsche Girozentrale

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DekaBank Deutsche Girozentrale

Major Rating Factors

Counterparty Credit Rating
A/Stable/A-1

Strengths:

- Central mutual-fund asset manager for the German savings banks sector
- Strong albeit somewhat weakened position in the German mutual funds market
- Stable flow of dominant commission income from the asset-management business
- Sound quality of loan portfolio

Weaknesses:

- Ongoing outflows from higher yielding mutual funds categories and market share losses in the institutional funds business
- Remaining albeit significantly reduced exposures to the difficult German real estate market weighs on risk profile
- Modest franchise and profitability of its wholesale banking business
- Reliance on wholesale funding

Rationale

The counterparty credit ratings on Germany-based DekaBank Deutsche Girozentrale (DekaBank) reflect its improved stand-alone profile and are based on its strong albeit in recent years somewhat weakened market position in the German mutual funds market, which strongly benefits from DekaBank's role as the central mutual-fund asset manager of the German savings banks sector. Although Standard & Poor's Ratings Services continues to believe in the ongoing implicit support from its owners, the savings banks and Landesbanks, the ratings on DekaBank no longer incorporate one notch of extraordinary ownership support at the current rating level.

With €154 billion in total assets under management (AuM) or €144 billion adjusted for doublecounting at Dec. 31, 2006, DekaBank ranks as the second-largest provider of investment funds in Germany. DekaBank's well-diversified funds portfolio continues to generate a stable flow of commission income, which has proved quite resilient against significant fluctuations in capital markets and new business. Asset quality in its wholesale banking activities, which mainly focuses on lower risk lending, should remain sound.

The ratings are constrained by ongoing outflows from higher yielding mutual funds categories, such as equity funds, a trend that can be observed throughout the industry, and continued market share losses in the institutional investment fund business, where savings banks are DekaBank's main customer group. This still reflects the fallout from previous performance problems at some flagship funds, which in the area of real estate mutual funds prompted costly support measures in 2004 through 2006 to safeguard the reputation of the 'Deka' brand. Remaining albeit significantly decreased holdings of funds certificates continue to weigh on the generally sound risk profile of DekaBank, although to a lesser extent. Earnings risks are regarded as low, however, given the expectation that past and upcoming property sales and more realistic valuations have improved the situation at the Germany-focused fund, and that the bank's exposures will be largely reduced by year-end.

Benefits from its existing commercial banking are regarded as limited, as the franchise and profitability of this business, which is predominantly wholesale funded, will remain modest in the short-term. Plans to extend the product range through more sophisticated capital-market products at the expense of weakly profitable plain-vanilla lending and volatile treasury business, which often have been done in competition with Landesbanks, and to better align activities with the asset-management business should gradually bear fruit, but we will monitor whether this will adversely impact the bank's overall risk profile.

The 'AAA' ratings on DekaBank's public sector (Öffentliche) Pfandbriefe continue to be based on the quality of the collateral coupled with protections afforded by German insolvency and banking laws, and the underlying cash in- and outflows, which are subject to Standard & Poor's regular surveillance.

Capitalization is adequate, given the comparatively low capital requirements for the funds business--with the exception of needs to cover considerable operational risks. Financial flexibility is constrained, however, due to difficulties raising equity at capital markets or from owners.

Outlook

The stable outlook reflects Standard & Poor's expectation that DekaBank will further strengthen its asset-management franchise and restore its reputation in coming years by fostering relationships with the distributing savings banks, improving the relative performance particularly of flagship funds over longer investment periods, and finalizing the restructuring of a previously ailing real estate mutual fund. This should allow DekaBank to stabilize its market shares also regarding new business volumes and to retain its position as the preferred asset manager of the entire savings banks sector.

While profitability should continue a stable development, DekaBank's financial and risk profile is not expected to change materially by efforts to improve the modest market position of its below-average performing wholesale banking business, which is aimed to better provide for synergies with the dominant funds operations. Present discussions about far-reaching changes within the sector among its owner Landesbanks and savings banks could limit DekaBank's strategic options and adversely affect its revenue base, however.

Positive rating implications, which would require substantial improvements of its asset-management franchise and profitability to raise its stand-alone creditworthiness above that of its diverse owners, are considered unlikely at least in the medium term. Conversely, a failure to reverse the gradual erosion of its market position with resulting adverse impact on profitability and/or a weakening of its role within the savings banks organization would be viewed as negative.

Profile: Second-Largest German Mutual Funds Manager

DekaBank is the central asset manager of the German savings banks sector. Despite small but continued market-share losses DekaBank, ranks as the second-largest fund manager in Germany with about €144 billion in adjusted AuM at year-end 2006. It has a market share--measured by adjusted AuM--of about 17% among domestic public mutual funds and 5% among managed funds for institutional investors--mainly savings banks. DekaBank's fund business benefits strongly from its high retail market access, as products are almost exclusively sold by the

approximately 14,200 branches of the savings banks.

Synergies between DekaBank's investment-management business and its wholesale-banking operations have remained limited in the past due to the strong focus on standard, medium- to long-term lending to public authorities, which can be refinanced by Öffentliche Pfandbriefe, public sector banks, and blue-chip corporations. DekaBank does not maintain a branch network, but has international branches and subsidiaries in Luxembourg, Ireland, and Switzerland. At year-end 2006, it had total assets of €105 billion and employed 3,453 staff.

Support And Ownership: Equally 50% Owned By Savings Banks And Landesbanks

The ratings on DekaBank mirror the bank's improved stand-alone credit quality, and therefore no longer include a one-notch uplift for extraordinary support by its owners at the current rating level. Standard & Poor's continues to believe in the ongoing implicit support from its owners, the savings banks and Landesbanks, which benefit DekaBank's stand-alone strength. We also expect that DekaBank's owners would support the bank if it were to face major problems exceeding its own risk-taking capacity, which would uplift its ratings in difficult times.

Standard & Poor's considers DekaBank to be of moderate systemic importance to Germany. Therefore, in line with our rating approach in "supportive" countries such as Germany, where the government relies on prudent policies to maintain a sound banking sector, we do not factor the probability of extraordinary government support into the ratings.

DekaBank is a public law credit institution and is 50% owned by the Deutscher Sparkassen- und Giroverband Körperschaft des öffentlichen Rechts (the German Savings Bank and Clearing Association; DSGVöK; not rated), while the other 50% is owned via a holding company by 10 German Landesbanks, which each hold different size stakes, ranging from 0.21% to 8.35%. DSGVöK is a public law institution and 100% owned by its members--12 regional savings banks and clearing associations (RegSGVs).

As a credit institution, DekaBank is subject to the provisions of the German Banking Act (Kreditwesengesetz, or KWG) and to supervision of the German Federal Financial Supervisory Agency (Bundesanstalt für Finanzdienstleistungsaufsicht, or BaFin). As a public law bank, it is under the governmental supervision of the federal minister of finance.

Strategy: Improvement In Customer Relationships With Savings Banks Key To Restoring Market Position

Standard & Poor's does not expect material changes in relative earnings contributions of the three main business divisions in coming years. Asset Management Capital Markets (AMK) and Asset Management Property (AMI; also includes property lending) combined generate more than two-thirds of operating revenues and a higher share of pretax profits--excluding extraordinary expenses at AMI--whereas the proportion of profits from Corporate & Markets (C&M) are expected to remain below 20%. DekaBank's still strong market position in the investment funds business, where it covers the entire product range along the value chain, is mainly attributable to the

operational collaboration with savings banks regarding the distribution of mutual funds and the management of the savings banks' liquidity portfolios. While the well-diversified investment funds operations provide for stable earnings streams, we believe that the reorganization of the only moderately performing wholesale-banking activities toward a better alignment of product offerings among the main divisions will bear fruit only gradually.

Market share based on total mutual funds under management--excluding funds of funds due to sizable double counting--has slowly but constantly declined to 17% at year-end 2006 (minus 3 percentage points since 2002). Intense competition, increasingly from large foreign asset managers, the over-long investment horizons and still unsatisfactory performances of some flagship funds, which have been recovering recently, reputation issues owing to support measures for an ailing property fund, as well as the rise of competing products such as certificates, and the industry-wide trend to the open architecture distribution model are the main reasons behind this fall. Net cash outflows from 'Deka' labeled mutual funds for three consecutive years until 2006, pronouncing DekaBank's weakened market position in the new business, could only be partly offset by the bank's good position in the funds-of-funds and funds-based wealth-management business.

Considerable efforts to restore relationships with DekaBank's main customer group, the savings banks, to improve performance throughout its funds portfolio, particularly of equity and real estate mutual funds, and to swiftly develop innovative funds products should allow DekaBank to re-strengthen its market position. The C&M segment aims to exploit synergies by gradually supplementing or replacing the low-margin plain-vanilla lending business by specialized and structured finance with capital-market proximity, which will no longer be held until maturity, but could also be repackaged and incorporated in investment funds. The markets sub-segment will focus on products such as derivatives, which help to improve investment funds' performance.

Accounting: Extended Application Of Fair-Value Option Should Ultimately Lead To Lower Earnings Volatility

Since DekaBank started reporting financial statements in accordance with IFRS at year-end 2005, the stability of revenues of the dominant asset-management business has been in contrast with relatively high earnings volatility from treasury and corporate-banking operations, where part of the assets and liabilities have become valued mark-to-market. These fluctuations are expected to further decline in coming years due to the application of the fair-value option to an increasingly larger base of assets and corresponding liabilities and the deliberate reduction of asset-liability-management driven revenues.

In addition to the reported profits, Standard & Poor's also considers changes in DekaBank's revaluation reserve and the impact from fair-value changes of those assets and liabilities that are not yet marked-to-market (for example loans and related funding) to gain a broader view of economic performance. With the extension of the fair-value option to almost all assets and liabilities, reported and economic performance are expected to converge in coming years. Fair-value reporting at year-end 2006 still indicates that the increase in retained earnings by converting hidden reserves into capital following the adoption of IFRS is to a comparable amount offset by unrealized losses on assets and liabilities.

Risk Profile And Management: Exposures To Property Risks Are Expected To Further Decline By Year-end

Standard & Poor's expects DekaBank's to maintain its sound risk profile and prudent risk appetite. While intrinsic operational risks will remain the dominant risk factor in the funds business, the temporary burden over the past three years through sizable exposures to the structurally weaker German real estate markets via funds certificates--stemming from efforts to curb reputation risks--should be further run-down by year-end. Credit risk has traditionally been moderate, and in line with the policy to reduce treasury activities and correspondingly earnings volatility, market risk has been reduced. Although we do not expect DekaBank's risk tolerance to change dramatically, we will monitor whether its planned expansion into new lending products with higher risk characteristics, such as structured finance and capital-market products, will adversely affect its investment strategy and overall risk profile. Its liquid securities portfolio helps to curb DekaBank's funding and liquidity risks. Recent problems in its mutual fund business highlight the need to deal with sizable operational risks, which are mitigated by the regular analysis of data derived from self assessments, the collection of loss data, and the evaluation of various high impact scenarios to identify important risk drivers.

Enterprise risk management: Adequate capabilities to curb earnings volatility

Standard & Poor's considers DekaBank's enterprise risk management (ERM) capabilities as adequate and in line with its risk-bearing capacity, and expects further improvements as a result of the planned implementation of advanced capital measures in accordance with Basel II. DekaBank has established a comprehensive risk-management structure encompassing all relevant risk categories and applies appropriate systems to measure risk, and regularly runs various stress tests to take into account unexpected events.

Credit risks: Credit portfolio expected to remain sound

The quality of DekaBank's credit portfolio is expected to remain sound, as the bank should also apply prudent underwriting standards on structured finance and specialized lending exposures, which will gradually replace or supplement lower risk plain-vanilla loans, such as domestic public sector financings, diversified exposures to blue-chip companies, (typically its own) fund refinancings, and participations in international loan syndications (typically originated by the Landesbanks). Despite the positive track record--provisions were released on a net basis in four out of five previous years--risks costs are likely to increase in coming years, but should remain on overall favorable levels.

Real estate risks: Further reduction of exposures expected by year-end

Following the sale of most of its investment properties in recent months, Standard & Poor's expects DekaBank to also fully dispose of its remaining real estate exposures via funds certificates, originally taken over to support one poorly performing Germany-focused property fund. To preserve its reputation as Germany's largest provider of open-ended real estate investment funds, DekaBank assumed responsibility in October 2004 for the mis-selling of this product as virtually risk-free in former years and voluntarily issued a liquidity and performance guarantee of 2%, which expired in September 2006. While the fund has significantly improved its asset quality after sizable value adjustments on nonperforming properties in recent years and increased liquidity, basically allowing it to redeem the bank's holdings, we do believe that DekaBank would not need to intervene again to save investors' money or acquire a fund's property in the future.

Market risks: Mismatching has been reduced, but impact of planned expansion of capital-market business needs to be monitored

DekaBank's treasury operations have been aimed at enriching the thin margins of plain-vanilla lending products such as public sector exposures, interbank lending and bond investments, but market risks, particularly interest rate risk from mismatching--controlled on a present-value and value-at-risk (VaR; 10-day holding period and 95% confidence level) basis--have been reduced. Stress tests and backtesting are carried out on a regular basis and stop-loss limits are in place. Average interest rate risks (trading and banking book) already fell to €23 million in 2006 and were at all times less than 1.5% of adjusted common equity (ACE; €30 million in 2005), as DekaBank aims to reduce earnings volatility in reported IFRS numbers. Equity risk is less important with an average VaR of €18 million. As market risks might change as DekaBank plans to extend its capital-market product range, we expect the bank to upgrade its systems and staff to properly manage these risks.

Funding and liquidity risks: High liquidity of the asset base

DekaBank's funding is dominated by own issues and interbank deposits, followed by deposits from institutional investors and own mutual funds. Excess issuance ahead of the July 2005 withdrawal of state guarantees and less sensitive secured funding, particularly Pfandbriefe, have mitigated immediate implications from the loss of the guarantees. Liquidity is enhanced by the high quality of its liquid securities portfolio that could be either sold or used for repo transactions.

Profitability: Ongoing Stable Operating Performance Expected

Commission income from DekaBank's asset-management activities is expected to remain the main earnings driver in coming years due to the diversified fund portfolio, improving relationships with savings banks as the predominant sales partner and investor group, enhanced investment processes and funds performance--at least over shorter time horizons--and faster product developments better aligned with market needs. Given that commissions are mainly based on average AuM with only minimal contributions from performance-based management fees, this dominant income source--74% of revenues in 2006--will continue to develop stably. In the ongoing favorable environment, market-related value gains more than offset DekaBank's still weak new business with higher margin investment funds such as equities funds.

DekaBank is expected to achieve an operating pretax profit of about €500 million in 2007, as the real estate segment, comprising the real estate funds business, but also property lending activities, should no longer burden profitability with the expiration of costly support measures for one restructured mutual fund in 2006. The expected further redemption of fund certificates in the course of 2007 should substantially reduce risks of further extraordinary value-adjustments on real-estate-related assets. Onetime gains from the sale of own property should boost pretax profit to more than €600 million in 2007.

Revenues in the investment funds business have proved very resilient in times of market stress and remained largely independent from DekaBank's weakening new business in recent years, as fees for new money are generally directly channeled back to the sourcing savings banks. There currently exists a market-wide trend of changed asset composition with sales largely concentrated on lower margin money market products at the expense of more attractive funds. Yet, the risk that this trend could ultimately weaken its still strong asset-management franchise and challenge the assumed scenario of stable earnings in the long run is mitigated by DekaBank's good position in fund-based wealth-management products.

The low interest margin of 24 basis points (bps) illustrates the modest franchise in the wholesale business, which is mainly driven by opportunistic lending in lower risk areas, and the need to reposition these activities toward more affinity with the fund business, but also the lower contribution from asset-liability management in the less favorable flat yield-curve environment. The expected moderate rise in risk costs after several years of net releases of provisions reflect a normalization in line with the gradual expansion of exposures with a somewhat higher risk profile rather a change to imprudent lending standards.

Capital: Comfortable Levels In Light Of The Modest Risk Profile

DekaBank's capitalization measured by adjusted-total-equity-to-risk assets at year-end 2006 is regarded as adequate in light of the bank's relatively low profile. The ratio has benefited from the dissolution of a €344 million charge on the bank's core capital in 2006, originally earmarked to provide for potential value-adjustments on assets of the ailing property fund in a worst-case scenario, which has become redundant with the past and expected upcoming property sales. In its assessment of capital strength, Standard & Poor's also monitors the development of existing unrealized losses on balance-sheet items that are not marked-to-market of several hundred million euros, which are expected to decline in the medium term.

Standard & Poor's expects DekaBank's capital strength to comfortably buffer the expected increase in regulatory capital requirements, driven by the Basel II inclusion of operational risk. DekaBank's financial flexibility remains constrained by its inability to tap capital markets or approach its owners for core capital. As its owner savings banks and Landesbanks continue to concentrate their resources on intensifying relationships, shareholders might instead demand a higher profit distribution, limiting DekaBank's earnings retention capabilities.

Grandfathered Debt Ratings: 'AA/Negative/A-1+

DekaBank's obligations incurred between July 19, 2001, and July 18, 2005, and maturing between July 19, 2005, and Dec. 31, 2015, as well as any obligations issued until July 18, 2001, irrespective of their maturity, are grandfathered. The ratings on these obligations are supported by the grandfathered statutory guarantee (Gewährträgerhaftung) of eight German Landesbanks, which in turn benefits from the grandfathered Gewährträgerhaftung of the respective states. In the case of DekaBank, but in contrast to directly state-owned Landesbanks, Standard & Poor's relies less on indirect state guarantees, because such guarantees would not give creditors a direct claim on the state guarantors. The savings banks are also guarantors of DekaBank's grandfathered obligations.

The negative outlook on grandfathered debt obligations continues to reflect Standard & Poor's view that the agreement between the European Commission (EC) and the German federal government has not removed all uncertainties regarding timely payment. Although Standard & Poor's believes that the guarantors will not exploit the ambiguities in the wording of the laws, and will make payments in a timely fashion, the commitment of the owners might change over time, which would then lead to moderate ratings changes--most likely by one notch--for such grandfathered debt. This could happen if for example state governments decided to dispose of their stakes in the respective Landesbanks. Consequently, Standard & Poor's will continue to monitor the guarantors' ability and willingness to honor its obligations under the agreement. (For more details see the article entitled Credit FAQ

Update: German Landesbanks' Unguaranteed Obligations; The Bottom-Up Approach," published on July 19, 2005, on RatingsDirect.) "

Under Gewährträgerhaftung, the owners of DekaBank, with the exception of Bayerische Landesbank (A/Positive/A-1), Landesbank Hessen-Thüringen Girozentrale (A/Positive/A-1), Niedersächsische Bank (not rated), and, since Dec. 1, 2002, Landesbank Berlin (not rated), are jointly and severally liable to the bank's creditors if the creditors are unable to obtain full payment on grandfathered obligations from the bank's assets. Conflicting views exist on the interpretation of the legislative text with regard to timeliness, but Standard & Poor's believes that the owners and their grandfathering guarantors have a very strong incentive to meet the bank's obligations when they fall due. Gewährträgerhaftung is unlimited and includes all obligations, but terms and conditions of hybrid capital instruments, such as preference shares, Tier 3 debt, and silent partnership deposits (Stille Einlagen) may constitute a higher risk for investors, particularly with regard to timeliness of payments.

Table 1

DekaBank Deutsche Girozentrale--Balance Sheet Statistics

	--Year ended Dec. 31--						Breakdown as a % of assets (adj.)				
(Mil. €)	**2006**	**2005**	**2004**	**2003**	**2002**	-	**2006**	**2005**	**2004**	**2003**	**2002**
Assets											
Cash and money market instruments	256	441	1,144	3,504	4,012		0.24	0.38	0.98	3.49	4.46
Securities	34,647	41,758	41,755	34,955	26,537		33.06	36.36	35.90	34.78	29.47
Trading securities (marked to market)	9,683	7,342	4,759	N.A.	N.A.		9.24	6.39	4.09	N.A.	N.A.
Nontrading securities	24,964	34,416	36,996	34,955	26,537		23.82	29.97	31.81	34.78	29.47
Loans to banks (net)	46,424	49,015	48,346	38,563	36,415		44.30	42.68	41.57	38.37	40.43
Customer loans (gross)	22,442	20,735	22,701	22,505	22,308		21.42	18.05	19.52	22.39	24.77
Public sector/government	N.A.	N.A.	N.A.	14,577	14,147		N.A.	N.A.	N.A.	14.50	15.71
Total real estate loans	N.A.	N.A.	N.A.	519	495		N.A.	N.A.	N.A.	0.52	0.55
All other loans	22,442	20,735	22,701	7,410	7,666		21.42	18.05	19.52	7.37	8.51
Loan loss reserves	179	225	271	344	449		0.17	0.20	0.23	0.34	0.50
Customer loans (net)	22,263	20,510	22,430	22,161	21,859		21.25	17.86	19.29	22.05	24.27
Earning assets	103,514	111,515	112,802	99,495	89,222		98.78	97.10	96.99	99.00	99.07
Equity interests/participations (nonfinancial)	21	56	54	154	138		0.02	0.05	0.05	0.15	0.15
Inv. in unconsolidated subsidiaries (financial co.)	48	49	40	3	3		0.05	0.04	0.03	0.00	0.00
Intangibles (nonservicing)	136	137	167	N.A.	N.A.		0.13	0.12	0.14	N.A.	N.A.
Fixed assets	487	916	641	741	675		0.46	0.80	0.55	0.74	0.75
Derivatives credit amount	71	768	743	N.A.	N.A.		0.07	0.67	0.64	N.A.	N.A.
Accrued receivables	14	13	10	264	255		0.01	0.01	0.01	0.26	0.28
All other assets	560	1,320	1,146	159	165		0.53	1.15	0.99	0.16	0.18
Total reported assets	104,928	114,982	116,475	100,504	90,059		100.13	100.12	100.14	100.00	100.00
Less nonservicing intangibles+ I/O strips	(136)	(137)	(167)	N.A.	N.A.		(0.13)	(0.12)	(0.14)	N.A.	N.A.
Adjusted assets	104,792	114,845	116,308	100,504	90,059		100.00	100.00	100.00	100.00	100.00

Table 1

DekaBank Deutsche Girozentrale--Balance Sheet Statistics (cont.)

						Breakdown as a % of liabilities + equity				
	2006	**2005**	**2004**	**2003**	**2002**	**2006**	**2005**	**2004**	**2003**	**2002**
Liabilities										
Total deposits	57,122	58,632	60,647	54,768	51,584	54.44	50.99	52.07	54.49	57.28
Noncore deposits	31,138	31,067	32,861	28,852	31,102	29.68	27.02	28.21	28.71	34.54
Core/customer deposits	25,984	27,565	27,786	25,916	20,481	24.76	23.97	23.86	25.79	22.74
Other borrowings	33,921	42,224	47,812	42,128	35,256	32.33	36.72	41.05	41.92	39.15
Other liabilities	10,462	10,991	5,069	1,212	1,034	9.97	9.56	4.35	1.21	1.15
Total liabilities	101,504	111,847	113,528	98,108	87,874	96.74	97.27	97.47	97.62	97.57
Total shareholders' equity	3,424	3,135	2,947	2,396	2,185	3.26	2.73	2.53	2.38	2.43
Preferred stock and other capital	500	500	500	500	500	0.48	0.43	0.43	0.50	0.56
Minority interest-equity	1	1	1	N.A.	N.A.	0.00	0.00	0.00	0.00	0.00
Common shareholders' equity (reported)	2,924	2,635	2,446	1,896	1,685	2.79	2.29	2.10	1.89	1.87
Share capital and surplus	286	286	286	286	286	0.27	0.25	0.25	0.28	0.32
Revaluation reserve	3	14	478	N.A.	N.A.	0.00	0.01	0.41	N.A.	N.A.
General banking risk reserves	570	570	278	278	220	0.54	0.50	0.24	0.28	0.24
Reserves (incl. inflation revaluations)	2,035	1,736	1,463	868	743	1.94	1.51	1.26	0.86	0.82
Retained profits	29	29	(59)	29	31	0.03	0.02	(0.05)	0.03	0.03
Other equity	N.A.	N.A.	N.A.	435	405	N.A.	N.A.	N.A.	0.43	0.45
Memo: Dividends (not yet distributed)	(29)	(29)	(29)	N.A.	N.A.				N.A.	N.A.
Total liabilities and equity	104,928	114,982	116,475	100,504	90,059	100.00	100.00	100.00	100.00	100.00
Equity Reconciliation Table										
Common shareholders' equity (reported)	2,924	2,635	2,446	1,896	1,685					
+ Minority Interest (equity)	1	1	1	N.A.	N.A.					
- Dividends (not yet distributed)	(29)	(29)	(29)	N.A.	N.A.					
- Revaluation reserves	(3)	(14)	(478)	N.A.	N.A.					
- Nonservicing Intangibles	(136)	(137)	(167)	N.A.	N.A.					
Adjusted common equity	2,756	2,456	1,773	1,896	1,685					
+ Admissible Prefs and hybrids	500	500	500	500	500					
- Equity in Unconsolidated Subsidiaries	(48)	(49)	(40)	(3)	(3)					
Adjusted total equity	3,208	2,908	2,233	2,394	2,182					

N.A.--Not available.

Table 2

DekaBank Deutsche Girozentrale--Profit and Loss Statement Statistics

	--Year ended Dec. 31--						Adj. avg. assets (%)				
(Mil. €)	**2006**	**2005**	**2004**	**2003**	**2002**	-	**2006**	**2005**	**2004**	**2003**	**2002**
Profitability											
Interest income	3,927	4,230	3,634	3,762	3,713		3.58	3.66	3.35	3.95	4.33
Interest expense¶	3,689	3,842	3,386	3,556	3,519		3.36	3.32	3.12	3.73	4.11

Table 2

DekaBank Deutsche Girozentrale--Profit and Loss Statement Statistics (cont.)										
Net interest income	238	388	248	206	194	0.22	0.34	0.23	0.22	0.23
Operating noninterest income	961	711	926	820	831	0.88	0.62	0.85	0.86	0.97
Fees and commissions	883	773	749	690	692	0.80	0.67	0.69	0.72	0.81
Equity in earnings of unconsolidated subsidiaries	1	(10)	(8)	(11)	(12)	0.00	(0.01)	(0.01)	(0.01)	(0.01)
Trading gains	469	(38)	225	71	46	0.43	(0.03)	0.21	0.07	0.05
Gains/ (losses) on liquidity portfolio securities	N.A.	N.A.	N.A.	16	1	N.A.	N.A.	N.A.	0.02	0.00
Other market-sensitive income	(454)	(47)	(101)	1	31	(0.41)	(0.04)	(0.09)	0.00	0.04
Other noninterest income	62	33	61	54	73	0.06	0.03	0.06	0.06	0.09
Operating revenues	1,199	1,099	1,174	1,026	1,025	1.09	0.95	1.08	1.08	1.20
Noninterest expenses	716	630	598	644	679	0.65	0.54	0.55	0.68	0.79
Personnel expenses	302	285	282	280	254	0.27	0.25	0.26	0.29	0.30
Other general and administrative expense	352	312	297	321	373	0.32	0.27	0.27	0.34	0.43
Depreciation and amortization-other	63	32	19	43	52	0.06	0.03	0.02	0.05	0.06
Net operating income before loss provisions	483	470	576	382	347	0.44	0.41	0.53	0.40	0.40
Credit loss provisions (net new)	(2)	(36)	59	(35)	(36)	0.00	(0.03)	0.05	(0.04)	(0.04)
Net operating income after loss provisions	485	506	517	416	383	0.44	0.44	0.48	0.44	0.45
Nonrecurring/special income	110	15	0	0	0	0.10	0.01	0.00	0.00	0.00
General banking risk provisions	0	0	0	88	115	0.00	0.00	0.00	0.09	0.13
Nonrecurring/special expense	144	69	565	53	0	0.13	0.06	0.52	0.06	0.00
Amortization of goodwill and intangibles	9	37	12	0	0	0.01	0.03	0.01	0.00	0.00
Pretax profit	442	415	(60)	275	268	0.40	0.36	(0.06)	0.29	0.31
Tax expense/credit	113	95	(1)	181	213	0.10	0.08	0.00	0.19	0.25
Net income before minority interest	329	321	(59)	95	54	0.30	0.28	(0.05)	0.10	0.06
Net income before extraordinaries	329	321	(59)	95	54	0.30	0.28	(0.05)	0.10	0.06
Net income after extraordinaries	329	321	(59)	95	54	0.30	0.28	(0.05)	0.10	0.06
Core Earnings Reconciliation										
Net Income (before Minority Interest)	329	321	(59)	95	54					
- Nonrecurring/Special Income	(110)	(15)	0	0	0					
+ Nonrecurring/Special Expense	144	69	565	53	0					
+/- Tax Impact of Adjustments	0	(12)	(9)	(35)	0					
+ Amortization/ Impairment of Goodwill/ Intangibles	9	37	12	0	0					
+ General banking risk provisions	0	0	0	88	115					
Core earnings	372	399	509	201	169	0.34	0.34	0.47	0.21	0.20
	2006	**2005**	**2004**	**2003**	**2002**					
Asset Quality										
Nonperforming assets	71	193	0	0	0					
Nonaccrual loans	71	193	N.A.	N.A.	N.A.					
Classified loans (substandard, doubtful, loss)	N.A.	N.A.	N.A.	775	1,029					

Table 2

DekaBank Deutsche Girozentrale--Profit and Loss Statement Statistics (cont.)

Average balance sheet					
Average customer loans	21,386	21,470	22,296	22,010	22,014
Average earning assets	107,515	112,159	106,156	94,359	84,336
Average assets	109,955	115,728	108,489	95,282	85,715
Average total deposits	57,877	59,639	57,707	53,176	51,230
Average interest-bearing liabilities	95,949	104,657	102,677	91,868	82,942
Average common equity	2,779	2,540	2,171	1,791	1,612
Average adjusted assets	109,819	115,577	108,406	95,282	85,715
Other data					
Number of employees (end of period, actual)	3,453	3,453	3,365	3,180	3,219
Total assets under management	77,246	215,401	134,841	197,218	181,835
Off-balance-sheet credit equivalents	4,676	3,915	4,239	4,293	1,898

¶Also includes interest on silent partnership certificates. N.A.--Not available.

Table 3

DekaBank Deutsche Girozentrale--Ratio Analysis

	--Year ended Dec. 31--				
	2006	**2005**	**2004**	**2003**	**2002**
ANNUAL GROWTH (%)					
Customer loans (gross)	8.23	(8.66)	0.87	0.88	(1.60)
Loss reserves	(20.55)	(16.86)	(21.22)	(23.39)	(10.74)
Adjusted assets	(8.75)	(1.26)	15.72	11.60	10.68
Customer deposits	(5.73)	(0.80)	7.22	26.53	6.99
Total equity	9.21	6.39	22.97	9.67	42.04
Operating revenues	9.11	(6.38)	14.41	0.09	(4.50)
Noninterest expense	13.79	5.28	(7.20)	(5.06)	(4.32)
Net operating income before provisions	2.83	(18.49)	50.88	10.18	(4.83)
Loan loss provisions	N.M.	(161.19)	N.M.	N.M.	(251.90)
Net operating income after provisions	(4.07)	(2.21)	24.20	8.83	12.37
Pretax profit	6.38	N.M.	(121.78)	2.98	10.25
Net income	2.50	N.M.	(162.28)	75.14	(40.96)
	2006	**2005**	**2004**	**2003**	**2002**
PROFITABILITY (%)					
Interest Margin Analysis					
Net interest income (taxable equiv.)/avg. earning assets	0.22	0.35	0.23	0.22	0.23
Net interest spread	(0.19)	0.10	0.13	0.12	0.16
Interest income (taxable equiv.)/avg. earning assets	3.65	3.77	3.42	3.99	4.40
Interest income on loans/avg. total loans	3.92	4.02	3.38	4.46	4.72
Interest expense/avg. interest-bearing liabilities	3.84	3.67	3.30	3.87	4.24
Revenue Analysis					
Net interest income/revenues	19.84	35.32	21.12	20.06	18.93

Table 3

DekaBank Deutsche Girozentrale--Ratio Analysis (cont.)					
Fee income/revenues	73.65	70.31	63.80	67.23	67.49
Market-sensitive income/revenues	1.20	(7.73)	10.56	8.56	7.60
Noninterest income/revenues	80.16	64.68	78.88	79.94	81.07
Personnel expense/revenues	25.14	25.95	24.02	27.29	24.77
Noninterest expense/revenues	59.74	57.28	50.94	62.80	66.20
Noninterest expense/revenues less investment gains	43.32	54.92	46.90	63.83	68.35
Net operating income before provision/revenues	40.26	42.72	49.06	37.20	33.80
Net operating income after provisions/revenues	40.44	46.00	44.04	40.57	37.31
New loan loss provisions/revenues	(0.18)	(3.28)	5.03	(3.36)	(3.51)
Net nonrecurring/abnormal income/revenues	(2.83)	(4.90)	(48.13)	(13.72)	(11.22)
Pretax profit/revenues	36.83	37.78	(5.11)	26.85	26.09
Tax/pretax profit	25.61	22.78	1.67	65.61	79.78
Core Earnings/Revenues	31.01	36.28	43.32	19.58	16.49
	2006	**2005**	**2004**	**2003**	**2002**
Other Returns					
Pretax profit/avg. risk assets (%)	1.69	1.64	(0.25)	1.19	1.21
Revenues/avg. risk assets (%)	4.59	4.33	4.87	4.44	4.63
Net operating income before LLP/LLP	(21945.45)	(1300.55)	976.27	(1106.58)	(962.53)
Net operating income before loss provisions/avg. risk assets (%)	1.85	1.85	2.39	1.65	1.57
Net operating income after loss provisions/avg. risk assets (%)	1.86	1.99	2.14	1.80	1.73
Net income before minority interest/avg. adjusted assets	0.30	0.28	(0.05)	0.10	0.06
Net income/employee (€)	99,576	98,981	(18,490)	30,920	18,614
Non-interest expenses/average adjusted assets	0.65	0.54	0.55	0.68	0.79
Personnel expense/employee (€)	91,364	88,052	88,374	91,406	87,371
Cash earnings/avg. tang. common equity (ROE) (%)	15.23	18.15	(1.51)	7.69	6.58
Core earnings/average risk-weighted assets	1.42	1.57	2.11	0.87	0.76
Core earnings/average adjusted assets	0.34	0.35	0.47	0.21	0.20
Core earnings/ Average ACE (ROE)	14.27	18.85	27.72	11.22	10.49
	2006	**2005**	**2004**	**2003**	**2002**
FUNDING AND LIQUIDITY (%)					
Customer deposits/funding base	28.54	27.33	25.62	26.75	23.59
Total loans/customer deposits	265.04	253.07	255.69	235.64	286.71
Total loans/customer deposits + long-term funds	108.75	95.66	93.67	86.70	101.38
Customer loans (net)/assets (adj.)	21.25	17.86	19.29	22.05	24.27
Parent Only Analysis					
	2006	**2005**	**2004**	**2003**	**2002**
CAPITALIZATION (%)					
Adjusted common equity/risk assets	10.33	9.59	7.06	8.21	7.30
Internal capital generation/prior year's equity	12.47	13.11	(3.11)	5.62	3.52
Tier 1 capital ratio	6.80	7.80	7.70	8.80	8.00
Regulatory total capital ratio	11.20	13.30	14.20	14.00	13.50

Table 3

DekaBank Deutsche Girozentrale--Ratio Analysis (cont.)					
Adjusted total equity/adjusted assets	3.06	2.53	1.92	2.38	2.42
Adjusted total equity/risk assets	12.02	11.36	8.89	10.36	9.45
Adjusted total equity plus LLR (specific)/customer loans (gross)	15.09	15.11	11.03	12.16	11.80
	2006	**2005**	**2004**	**2003**	**2002**
ASSET QUALITY (%)					
New loan loss provisions/avg. customer loans (net)	(0.01)	(0.17)	0.26	(0.16)	(0.16)
Loan loss reserves/customer loans (gross)	0.80	1.09	1.19	1.53	2.01
Credit-loss reserves/risk assets	0.67	0.91	1.08	1.49	1.95
Nonperforming assets (NPA)/customer loans	0.32	0.93	N.M.	N.M.	N.M.
Loan loss reserves/NPA (gross)	252.47	116.74	N.M.	N.M.	N.M.

N.M.--Not meaningful.

Ratings Detail (As Of July 27, 2007)*	
DekaBank Deutsche Girozentrale	
Counterparty Credit Rating	A/Stable/A-1
Certificate Of Deposit	A/A-1
Commercial Paper	
Local Currency	A-1
Senior Secured	
Local Currency	AAA
Senior Unsecured	A
Short-Term Debt	
Local Currency	A-1
Subordinated	
Local Currency	A-
Counterparty Credit Ratings History	
19-Jul-2005	A/Stable/A-1
17-May-2000	AA/Negative/A-1+
Sovereign Rating	
Germany (Federal Republic of)	AAA/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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