

Performance Report 2009
of the Stadtsparkasse
Düsseldorf



The general economic trend in 2009

The Gross Domestic Product fell in 2009 by around 5 %. This marks the most significant market slump in Germany since the founding of the Federal Republic. The negative growth contributions from exports and equipment investments were decisive in this development and result from the worldwide financial and economic crisis. High consumer spending both on the part of the state and private households prevented the Gross Domestic Product from weakening even further.

The Düsseldorf economy was also affected by the strong recession. Big slumps and significant falls in capacity utilisation were characteristic for many companies. On the other hand, craftsmen reported comparatively favourable developments.

Despite the difficult economic situation, the number of company insolvencies in Düsseldorf and the surrounding area remained stable. In Düsseldorf itself they even decreased by 5 % to 444.

The rate of unemployment in Düsseldorf increased just slightly from 9.1 % to 9.2 %.

Developments in business at the Stadtsparkasse Düsseldorf

The Stadtsparkasse Düsseldorf looks back at a satisfying year of business in 2009. Favoured by positive developments on the capital markets in particular, our Bank achieved substantially better results by comparison with the previous year.

The strategy "Sustainability 2013", passed by the Management Board and the Supervisory Board in 2008, was installed and consequently followed during the year under review. Basically, this is an effort to reduce dependency on the volatility of

capital markets, to create a more granular loan portfolio and to refocus business activities again on classical retail business with private households and small and medium-sized companies. In close relation with this, it is our aim to optimise risks and to generate qualitative growth in all fields of business. Using cost management, personnel and operations costs should also only show moderate increases.

As a result of this change of strategy the balance-sheet total for 2009 fell by 3.3 % to € 11,708m (previous year: € 12,113m). In particular, interbank business decreased.

Lending operations

The lending operations of the Stadtsparkasse Düsseldorf expanded considerably during the year under review by € 915 to € 8,606m. There was a particularly strong demand for bonded loans and local authority loans.

In the case of lendings to corporate customers the volume has been reduced by almost € 300m to € 2.42bn. Two circumstances have led to this reduction: We have reduced larger commitments outside of our region and syndicated them. Furthermore, many companies in Düsseldorf and the region have greatly diminished their investment activities, so that the demand for financing decreased considerably during the recession of 2009 compared with the previous years. We achieved growth in business with small and medium-sized companies and in the commercial property financing segment.

We were able to achieve pleasing growth in the volume of business with our private customers. The volume of loans to private customers rose in total by € 40m to € 2.54bn. Even if our attractive offer for

housing loans fell slightly, contrary to expectations, our customers still continued to take advantage of it at a high level.

Investment portfolio

The investment activities of the Stadtparkasse Düsseldorf are organised both directly and indirectly through the medium of its full subsidiary **St**-Kapitalbeteiligungsgesellschaft Düsseldorf mbH (**St**-KKBG). The task of **St**-KKBG as the holding company of the Stadtparkasse Düsseldorf is foremost controlling.

The value of the participations and shares in associated companies rose by € 30.1m to € 496.3m. The change was primarily the result of the injection of new capital into the **St**-KKBG, who placed these funds foremost at the disposal of Equity Partners GmbH (EP). Within the defined strategic objectives of our Bank, EP is responsible for the supervision and management of private equity and venture capital. The book value of **St**-KKBG increased by € 40.0m to € 220.9m. In order to compensate losses accumulated in 2008 and 2009, the Stadtparkasse Düsseldorf has placed a further € 32.0m at the disposal of **St**-KKBG. Beforehand, as the sole shareholder, **St**-KKBG had settled the losses accumulated by EP in the amount of € 26.7m.

As a result of the after-effects of the financial market crisis on the real-estate market, the Bank was forced to adjust the value of its participation in the Corpus Sireo Holding GmbH & Co. KG. The book value of the participation fell by approx. € 6.0m to € 61.2m. Furthermore, we made current-value depreciation on the share in the „Erwerbsgesellschaft“ of the **St**-Finanzgruppe mbH & Co. KG; the Stadtparkasse Düsseldorf participates in the Landesbank Berlin Holding AG via the Erwerbsgesellschaft. In accordance with the

principle of prudence prescribed by commercial law, the book value was depreciated to a lower reconciled value. The book value of the participation was reduced by € 3.7m from € 47.8m to € 44.1m.

Other important investments are the participations in the Rheinischer Sparkassen- und Giroverband ö. K. – RSGV – (book value € 138.9m), and in the RW Holding AG (book value € 23.0m). The book values remain unchanged by comparison to the previous year. The RSGV is a shareholder of the Provinzial Rheinland (Insurance), of the WestLB AG, of the DekaBank as well as of the Landesbausparkasse LBS West.

The shareholders of the Westdeutsche Landesbank AG (i. a. the Rheinische Sparkassen- und Giroverband, Düsseldorf – RSGV – with a share of around 25.03 %) have reached an agreement with the Bundesanstalt für Finanzmarktstabilisierung (FMSA – Federal Agency for Stabilisation of the Financial Market) on measures to further stabilise the WestLB AG.

As a result contracts were drawn up on 11/12/2009 to found a run-off company (“Erste Abwicklungsanstalt”) in accordance with § 8a of the Bill on financial trusts for the stabilisation of the financial market. The Rheinische Sparkassen- und Giroverband, Düsseldorf (RSGV) is obliged to assume responsibility for real liquidity-related losses of the run-off company which are not covered by the equity capital of the run-off company of € 3bn and any profits made, up to an amount of € 2.25bn, corresponding to their share in the company (25.03 %). As a member of the RSGV, the Bank has an indirect pro rata obligation in the size of its share in RSGV (7.9 %). On the basis of current information, it is not necessary for the Bank to set aside reserves for this obligation in the balance sheet for 2009.

In view of the probably lengthy winding-up period, there is, however, always the risk that claims will be made against the Bank through its indirect obligations in accordance with its share in RSGV. To cover this risk the Bank will create a yearly pro-rata balance sheet reserve over a period of 25 years from the profit of the respective year. Depending on the findings after a period of ten years, we will reassess the necessary financial precautions together with all affected parties. For 2009 we have made provisions in an amount of € 6.4m which were allocated to the pool for general banking risks in accordance with § 340g of the German Commercial Code.

Deposit-taking

In 2009 total customer deposits fell by € 219m to € 7,050m. Whereas savings deposits increased by € 205m to € 1,976m and sight-deposits rose by € 766m to € 3,699m, term-deposits in particular fell considerably. The balance fell almost by half, i. e. € 634m. The reasons for this development lie in the price battle of the competitors; the Stadtsparkasse Düsseldorf has deliberately not taken part in this aggressive pricing battle. The volume of bonds, debentures and savings certificates also fell significantly by € 562m to € 450m.

Securities business

Securities transactions turned out to be much weaker than in 2008. Despite the clear recovery of the stock exchanges, total turnover fell by € 900m to € 1,701m. In particular, investments in shares and unit trusts registered a fall in turnover of over 50 %. On the other hand, there was pleasing growth in fixed-interest securities, where there was an increase in turnover of almost € 150m to reach € 840m.

Own investments

The own investments of the Stadtsparkasse Düsseldorf comprise the liquid reserves for annuities, the master fund and other securities. The major component of the liquid reserves for annuities is debentures which are also used for short-term refinancing of the Stadtsparkasse Düsseldorf. In the case of the master fund, this is a series of extrinsic asset management mandates which in their entirety constitute a widely diversified portfolio of the most varied asset classifications.

The other securities include various mutual funds.

Important events in the course of the year

In addition to the floor rating which rates the association of public-sector banks as a whole, the Stadtsparkasse Düsseldorf subjects itself annually to an external and individual rating procedure.

The issuer rating of Aa3 was first given to our Bank by Moody's rating agency in February 2005 and was again confirmed in 2006. In May 2007 the issuer rating was upgraded by two notches to Aa1 and remained unchanged in 2008. At the end of 2009 Moody's reduced the issuer rating to Aa2 in view of the weaker financial strength of the Savings Banks Finance Group.

Staff

As per 31 December 2009 the Stadtsparkasse Düsseldorf employed a total of 2,170 staff (2008: 2,153), of which 1,492 worked on a full-time basis (2008: 1,506), 548 on a part-time basis (2008: 539) and 130 were trainees (2008: 108).

Equity situation

With the allocation of the profit for the year in the amount of € 9m (previous year: deficit of € 46m) the reserves of the Stadtsparkasse Düsseldorf amount to € 713m. There is, therefore, a sound basis for further business expansion. Furthermore, the bank has at its disposal a wide range of non-core capital assets.

The Stadtsparkasse Düsseldorf has always met with the equity requirements in accordance with the Ordinance on solvability (SolvV).

The assessment of the ratio between equity and risks as at 31/12/2009 was calculated at 12.6 % (previous year: 12.6 %) and lies well above the required minimum value of 8 %. The core-capital quota amounts to 8.9 %. An adequate capital base is available for further business expansion at an unchanged level.

As a result of the change in business policy, there has been a shift in the structure of the assets side of the balance sheet where risk items have been successively reduced. Receivables from customers at 71 % continued to be the most important item on the assets side (previous year: 61 %). The issue of bonded loans to public institutions in particular has contributed to this result.

The share of securities (bonds, stocks and other non-fixed interest items) lies at 21 % (previous year: 25 %). On the liabilities side, liabilities towards customers at 56 % (previous year: 51 %) still account for the largest share of the balance-sheet total. The portion of liabilities towards financial institutions remained unchanged at 20 %.

The balance-sheet portion of securitised debt in 2009 decreased due to maturities to 15 % (previous year: 20 %).

Financial situation

Due to well planned and thought-out liquidity provisions throughout the last year of business, the Stadtsparkasse Düsseldorf was in a position to meet all its obligations at any given time. The requirements of the Federal Banking Supervisory Authority with respect to the liquidity of financial institutions were observed at all times. In the course of the year, the utilisation fluctuated within a width between 1.56 und 2.39 and lies well above the prescribed minimum value of 1.00. On the reference date the value was 1.82 (viz. details on the liquidity risks in the risk report). Moreover, additional observation co-efficients established over a period of 12 months show all indications of a stable liquidity position.

In order to comply with minimum reserve requirements, the Stadtsparkasse Düsseldorf maintained appropriate assets at the German Central Bank. The prescribed minimum reserves were always maintained in the required amount.

Earnings position

In a regional banking environment still governed by scepticism due to the financial market crisis and intensive competitiveness, the Stadtsparkasse Düsseldorf was able to attain satisfying results for 2009 which were considerably better than in the previous year.

In order to avoid anomalies with the circumstances on the reporting date, the following figures refer to the average balance-sheet total.

Net interest income including regular income (item 3 of the Profit & Loss Account) increased by 9.4 % to € 301m (previous

year: € 275m) and remained to be the most important source of income of the Sparkasse Düsseldorf. The first half of 2009 was still affected by further cuts in interest rates on behalf of the central banks as a result of the financial market crisis. Thanks to the steeper yield curve we were able to achieve additional earnings from term transformations. Nonetheless, operative interest income fell slightly, contrary to our expectations. As an investment in the future we have concluded interest rate hedging contracts in the amount of € 1.06bn in 2009. As a result, a total of € 13m were due in interest liabilities. This measure secures future refinancing for the bank at a favourable level.

The improved result from current income from shares and other fixed interest bearing securities in the amount of € 62m (previous year: € 30m) arises from the disbursement of earnings from special unit trusts. In relation to the average balance sheet total (- 4.0 %) this results in a greatly improved net interest income of 2.45 % (previous year: 2.15 %).

Contrary to our expectations, net income from commissions decreased by 7.0 % to € 61m. As a result of the tangible restraint of customers due to the turbulence on the capital markets, earnings from commissions for securities operations and international business were particularly regressive. On the other hand there were only small changes in commissions for loans, agency business and payments services. In relation to the average balance sheet total, net income from commissions amounted to 0.49 % (previous year: 0.51 %).

The net income from financial business, i. e. the result from trading with securities, foreign currencies and derivatives, amounted to € 3m (previous year: € 4m).

The decrease was mainly due to less successful trading in foreign currencies.

Income from other business dropped by € 3m to € 14m. Other operating costs increased by € 2m to € 19m.

Operating costs (item 10 of the Profit & Loss Account) and depreciation on property, plant and equipment (item 11 of the Profit & Loss Account) increased by 3.3 % to € 211m (previous year: € 204m).

Personnel expenses included in this item increased by € 13m by comparison to the previous year. This was mainly due to a tariff increase for public sector employees of 2.8 % as well as to making provisions for future pension payments. The fall in operating costs was primarily due to a reduction in the use of third-party services and a fall in costs for technology solutions and advertising.

Depreciation on property, plant and equipment (item 11 of the Profit & Loss Account) was slightly lower than the previous year at € 8m.

Total income (items 1 to 9 of the Profit & Loss Account) was € 18m higher than the previous year at € 379m. Total expenses increased by 3.7 % to € 230m. In accordance with the definition of the German Central Bank, the cost-income ratio improved considerably in 2009 to 65 % (previous year: 73 %).

Depreciation and value adjustments on receivables, certain securities and participations are shown after having set off the corresponding income. The sum of the value adjustments amounted to € - 59m (previous year: € - 183m).

The securities portfolio of the Sparkasse Düsseldorf was also affected by considerable reductions in value starting in 2008 in the wake of the financial market

crisis. As in the previous year, we have again assessed all securities in accordance with the strict lowest-value principle.

Due to a certain relief on the capital markets, we registered a pointed recovery in the valuation of our own investment portfolio in 2009.

As a result of higher alignments and price gains and much less need for depreciation, the sum of alignments and depreciation and price gains and price losses of the securities held as liquidity reserves was much higher than the previous year (€ - 110m) and amounted to € 37m.

Adequate devaluation measures and provisions have been undertaken for acute customer contingency risks. In addition, global adjustments have been made on all latently endangered receivables on the basis of defaults of the last five years. Furthermore we have taken precautions against the special risks involved in the field of financial institutions.

Sufficient provisions have been made for risks from shareholdings.

By allocation of € 6m to the fund for general banking risks in accordance with § 340g of the Commercial Code we have made accounting provisions for the risk of claims from an indirect obligation to the WestLB AG in the amount of our share in the Rheinischer Sparkassen- und Giroverband. In this connection, we refer to the statements on the WestLB AG under "Investment portfolio".

In order to compensate losses in the Bank's associated companies we have placed a total of € 32m at the disposal of our venture capital company **SB-KBG**.

Taxes on income and capital gains (item 23 of the Profit & Loss Account) increased

considerably to € 43m (previous year: € 3m). The increase is essentially due to the improved results by comparison to the previous year and a higher tax assessment basis for the sum of the value adjustments.

After approval of the annual financial accounts the City Council of Düsseldorf will decide on the application of the surplus for the year of € 9m (previous year: a deficit of € 46m), in accordance with the recommendations of the Advisory Board. The capital base of the Stadtparkasse Düsseldorf will continue to ensure a safe liquidity and loan supply for the regional market.

Risk management and risk control

Concept for risk-bearing capacity

In order to limit and manage its risks, the Stadtparkasse Düsseldorf has introduced a concept for risk-bearing capacity which comprises the value-orientated, the periodical and the regulatory aspects. The comprehensive risk-bearing capacity of the Bank is ensured by comparing the risk hedging potential with the risks.

As per 31/12/2009 the value-orientated overall limit for the individual management of risks was set at € 763m (previous year: € 914m). The shift of the limits between interest and market risks results from a change in the method of assessment.

Credit risks

In the case of the credit risks we differentiate between counterparty risks and solvency risks. Counterparty risk comprises the risk of loss through the failure of a borrower to perform. The solvency risk reflects the risk of loss through a fall in

the rating of a business counterparty. This includes the classical risks of loss from borrowers failing to perform as well as issuer and counterparty risks from trading business.

In 2009 the counterparty risks (on a portfolio level) fluctuated within the defined limits.

The emphasis of the loan portfolio lies on lending business to companies, small businesses and private customers.

All recognised contingency risks in lending operations have been adequately protected. The sum of the value adjustments for lending operations is lower than in 2008 and lies within the expected scope.

The total amount of provisions for contingent loan losses rose by 17.6 % to € 245.3m on account of the financial and economic crisis. In 2010, the Bank has again created higher risk provisions by comparison to the long-time average to make allowances for the expected economic developments both in corporate planning and in the concept for risk-bearing capacity.

The volume of loans under restructuring rose by approx. 15.1 % in 2009.

Market risks

Market risks are defined as potential losses that could result from price changes or price-related parameters on the financial markets. Market risks, therefore, include the predominating interest rate risks for the Bank as well as risks from spreads, stock prices and currency exchange rates, in addition to changes in option prices due to volatility.

In order to shore off market risks, micro and macro hedges are implemented, alongside accounting instruments. In the year under review we concluded risk diminishing macro-swaps in a total amount of € 1.06bn within the context of the semi-active management of the interest book. Furthermore, we hedged two fixed-interest bonds held in the liquidity reserves with a total value of € 325m using swaps against the interest rate risks (micro-hedging).

Customer dealings in derivatives are individually secured by corresponding back-to-back transactions. These are mostly swaps, caps or currency futures.

In the trading book there are a limited number of derivative transactions concluded for trading purposes.

The limit for market risks (without interest book customer business) is a self-consuming loss limit which is only partly accessible. Retroactive allocations and the use of positive results may only be implemented with a resolution made by the whole Management Board.

Interest rate risks

The Bank undertakes interest rate risks in its banking book in order to attain its earnings goals. Interest changes have an effect both on the interest surplus (Profit & Loss Account) and on the cash value of interest sensitive items (on the assets level). The Bank, therefore, implements different methods to measure risk on the profit and loss and asset levels.

The change in cash value as per 31/12/2009 amounted to € - 117.6m. This corresponds to 11.9 % of the liable equity (previous year: € - 158m, 16 %) and lies well below the threshold for notification of the supervisory authorities of 20 %.

Shareholder risks

By shareholder risk, the Stadtparkasse Düsseldorf understands the danger of financial loss due to reduction in value of its own participations.

The investment business of the Stadtparkasse Düsseldorf comprises both direct and indirect participations.

The volume of participations at book value amounted to € 496.3m as per 31/12/2009 (previous year: € 466.2m).

The method used to measure and assess shareholder risks differs depending on the type of participation. In this connection, use is made of the Basel II indexation method (Gordy model) or volatility derivation.

The allotted value-orientated limit of € 85m was increased at the end of the year by € 30m to € 115m to cushion the rise in risks.

Alongside other participations the shareholder capital in the RSGV also includes the WestLB (viz. details under "Investment portfolio").

On account of the high level of diversification over the whole term of the fund, we consider the default risk of the fund investments made by Equity Partners GmbH (EP) to be small. Currently observed value fluctuations resulting from the financial and economic crisis have been accounted for in the annual accounts. EP has taken the necessary precautions with respect to the US dollar fund investments and the resulting currency fluctuations.

In the case of the real estate group Corpus Sireo, the book value of the participation has been partly written off (viz. "Investment portfolio").

Further risks in the field of real estate result mostly from the further development of the planned project scenarios. Apart from the scheduled sales proceeds and the implied costs, in the case of some projects the time aspect, in particular, is a critical success factor because delays can lead to higher refinancing costs. In the case of unfavourable developments, further markdowns or other supportive measures cannot be excluded, even though full account has been taken of all known risks within the scope of the annual statement for 2009.

Property risks

Risks in this category refer to the real estate property of the Stadtparkasse Düsseldorf (building and land in Düsseldorf and Monheim) and pertain to the risk of loss in value.

The assessment of the risk values is based on regular monitoring of the market value of the properties and implementation of an index model as used for shareholder risks.

In 2009 the same limit was set as in the previous year (€ 5m).

Operational risks

Operational risks are defined as the danger of damage caused by the inadequacy or default of internal processes, employees, internal infrastructure or external influences.

The value-orientated limit was fixed, as in the previous year, at € 49m (previous year: € 50m) in accordance with the regulations as under § 270 of the Ordinance on solvability (basic indicator principle).

Liquidity risks

The liquidity risk defines the danger that payment obligations are not met on time or to the full extent.

In order to assess the general liquidity risk the Bank adheres to the liquidity co-efficient of the BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht). In the course of 2009 this co-efficient, which is calculated monthly, fluctuated between 1.56 and 2.39 and thus lay continually well above the prescribed threshold of 1.

Other risks

Sales risks are managed by sales control. The wide range of products, the regional heterogeneity and the implementation of diverse distribution channels and customer retention concepts serve to strengthen the strategic position against sales risks.

The danger of rising costs is counteracted through budgeting methods and a constant surveillance of the cost developments. The Bank positions itself strategically by continuing to optimise processes, introducing appropriate outsourcing measures and medium-term management of staff capacities.

The cost risks are securitised with risk capital at a pre-agreed rate using simplified methods.

In order to account for strategic risks, the fundamentals of the business model are examined in connection with the yearly planning process and the necessary strategic impulses are created.

Overall risk situation

The Bank manages its risks in a manner which corresponds to the scope, the complexity and risk-content of its business operations.

Within the scope of the economic risk-bearing capacity, the Bank has at its disposal a total limit per 31/12/2009 of € 763m, of which only a part of the risk coverage potential is made available. The total limit was only used to approx. 69 % in consideration of the actual sum of the separate risks as per 31/12/2009. We were able to allocate limit increases for increased risk from the non-dedicated risk covering potential. Assuming that all limits of the current year are exhausted by the periodical risk-bearing capacity and penetrate through to the Profit & Loss Account, the regulatory equity requirements would still be met. With regard to 2010 the risk-bearing capacity continues to be guaranteed.

The total amount of risk provisions for lending operations rose by 17.6 % under the influence of the financial and economic crisis. The volume-weighted average probability of failure worsened from 1.2 % to 1.4 %. With regard to 2010 this development has been taken account of both in the corporate planning and in the periodical risk-bearing capacity.

Market risks were reduced in 2009 through modifications of the limits and more conservative methods of assessment.

With respect to the participations it is necessary to mention the risk that the Bank could be claimed upon in accordance with its share in the Rheinischer Sparkassen- und Giroverband (RSGV) from its indirect obligation in connection with the Westdeutsche Landesbank AG.

Outlook

In planning its business for 2010 the Stadtparkasse Düsseldorf has taken account of the economic backdrop as well as the market conditions. Düsseldorf is and will remain to be one of the most intensively competitive banking centres in Germany: high-street banks, co-operative banks and foreign banks as well as a large number of specialised financial institutions all compete here with each other. Scope for pricing is far more limited in this banking centre than in areas with less competition. On the other hand, Düsseldorf does offer the opportunity to acquire new customers on account of its increase in population over the next coming years.

In view of the macro-economic data and the market conditions, we predict only a marginally higher average balance sheet total.

In the field of corporate customers the target focus lies on the small and medium-sized companies in the region of Düsseldorf. In 2010, we will further reduce certain large-customer commitments. Within the framework of its leasing strategy, the Bank will continue to enforce its leasing business. We will selectively reduce our loan portfolio for the refinancing of leasing companies. The aim is to further increase the granularity of the corporate loan portfolio in accordance with the strategy "Sustainability 2013".

In this way our chance and risk potential as well as our risk-bearing capacity will be further optimised. We wish to expand our market share in the field of the small and medium-sized companies. Our initiative "Liquidity for Düsseldorf" particularly appeals to the regional small and medium-sized companies, and seeks to secure the necessary

liquidity for this customer group and counter the forecast credit squeeze.

In 2010 and the following years we will incorporate even more strongly the various programmes of the development banks when financing corporate customers. The improvement in the export orders of our corporate customers should result in stronger demand for our products and services in international business. We wish to continue to be the number one address for customers in the field of project finance and for financing business premises.

In the field of retail banking we wish to expand our consumer credit business and housing finance. In view of the high demand for a wide variety of housing property and our attractive advice services for housing finance, we see a real opportunity to approve more loans in this segment.

Due to the current level of interest, we expect our customers to show less interest in long-term investments and instead show preference for short-term commitments.

As far as service operations are concerned we recognise a vast potential in capital investments and insurance business. We intend to take advantage of this, together with our co-operation partners.

In the case of our own investments we wish to continue our successful, risk-orientated investment policy started in 2009 and to actively use the opportunities offered on the capital markets.

The custody of securities portfolios for our institutional customers (i. a. pension funds and pension schemes) will also be successfully pursued in the future. We intend to acquire further institutional customers for this service.

On the basis of the forward rates and accepted balance-sheet and spread planning, we expect an interest surplus of around € 270m. This will continue to be by far the most important source of income of the Stadtsparkasse Düsseldorf in the coming years.

The surplus from commissions should turn out to be higher than in 2009, due to enhanced earnings from service operations in the coming years.

Despite an improvement in the economic situation the Bank reckons with an increase in company insolvencies and consequently with higher risk provisions. The sum of write-offs could, therefore, increase to almost € 80m in 2010. We do not expect a fall in the need for risk provisions until 2011.

We also wish to point out that expenses will continue to occur in the coming years for accounting provisions in connection with the “Erste Abwicklungsan-

stalt” of the West LB AG in accordance with the agreement (viz. “Investment portfolio”). In total, the contribution of the Bank amounts to approx. € 171m.

We are at the moment not able to quantify whether or not the Stadtsparkasse Düsseldorf will be subject to further encumbrances resulting from participations of the Rheinischer Sparkassen- und Giroverband or other obligations within the Savings Banks Organisation.

For 2010 we expect a satisfactory annual result with surplus profit along the lines of the last year. Our equity base is adequately sound for future growth.

As far as we can foresee at the present time, we expect moderate growth in all fields of business in 2010 and 2011. The earnings situation in both years should reach the level of 2009.

Düsseldorf, 25 March 2010

Summary of the Bank's Performance

	EUR in thousand as at 31/12/2009
Balance Sheet Total	11,707,656
Volume of Business	12,016,372
Assets	
Cash and Banks	233,555
Investments	2,902,427
Loans & Discounts	8,511,034
Other Assets	60,641
Liabilities	
Deposits	10,606,166
Other Liabilities	183,769
Subordinated Liabilities	198,491
Funds for general bank risks	6,358
Capital	703,514
Profit	9,359

Profit & Loss Account

	EUR in thousand for the year from 01/01/2009 to 31/12/2009
Expenses	
Interest and Commissions Paid	232,739
Staff Costs	128,849
Other Operating Costs	73,529
Depreciation	73,076
Taxes	43,322
Other Expenses	18,857
Profit for the year	9,359
Receipts	
Interest and Comm. Receiv.	594,975
Other Receipts	16,757

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