

# Extract from the Annual Report 2006

## Savings Banks. Successful and Socially Responsible.

The economic upturn in Germany has gathered full steam. Booming exports are no longer the sole reason for the economic upturn: domestic demand has also developed into a growth driver. The Germany economy is once again on solid ground. Other signs are also encouraging and point to a sustained positive trend.

In 2006, the economic recovery also became apparent at our 56 member savings banks (55 savings banks since January 1, 2007) in Baden-Württemberg. The portfolio of loans extended to companies and the self-employed by the savings banks in Baden-Württemberg grew by 2.6 percent to €38.8 billion, €5.8 billion of which were new loans. Lending to retail customers by Baden-Württemberg's savings banks was also up considerably by around 2.5 percent. Deposits also saw a significant increase compared with previous years: this figure grew by 2.2 percent. For the first time, the savings banks' total assets climbed past the €160 billion mark.

However, the economic upswing did not change the fact that the savings banks will increasingly have to fight harder for business. There are three main reasons for this. First of all, growth potential in the banking market is trending downward. The savings rate has dropped in past decades, and the accumulation of private wealth has turned away from savings deposits toward increased investments in securities and insurance. The second reason is the change in customer behavior. Customer expectations have risen sharply.

This has increased their willingness to change banks and to maintain accounts at several banks. Thirdly, competitive pressure has increased greatly due to the entry into the market of new competitors such as direct banks and niche financial services providers.

We are meeting these challenges by further optimizing our products and services and their price-performance ratio, seeking out customers more aggressively, and focusing our sales activities more heavily on closing sales. These were the issues addressed by the "Verkaufsoffensive 1 Voraus" nationwide sales initiative, launched successfully at Baden-Württemberg's savings banks by the savings bank association in 2006. This program represents the systematic implementation of our successful business model of providing target group-oriented, active, all-around services and advising to our customers while focusing on closing sales.

Another deciding factor in our continued success is our strong relationship with our partners Landesbank Baden-Württemberg (LBBW), LBS Landesbausparkasse Baden-Württemberg (LBS), and SV Sparkassenversicherung (SV), as well as our national Association partners DekaBank and Deutsche Leasing. In this regard, the Sparkassen-Finanzgruppe Baden-Württemberg (Sparkassen Financial Group Baden-Württemberg) is positioned extremely well. In the past year, LBBW continued to advance the integration of Landesbank Rheinland-Pfalz (LRP) and BW Bank and set the stage for





profitable growth in the coming years. The reorganization of the SV Group continued successfully in 2006. Against the backdrop of the consolidation of public-sector insurance companies, a key step for SV was arranging cooperation agreements with Provinzial NordWest-Gruppe and Sparkassen-Versicherung Sachsen (Dresden). LBS was able to further reinforce its leadership position in the market. With contracts totaling €43 billion, LBS is Germany's third largest state home savings and loan association (Landesbausparkasse). In the future, LBS will benefit not only from the slightly higher interest rate level, but especially from the introduction of new rates for building loan contracts with particularly low interest on loans.

Our Association, the Sparkassen-Finanzgruppe Baden-Württemberg, is positioned well overall and continues to look to the future with confidence and optimism.

Peter Schneider  
Member of the State Parliament of  
Baden-Württemberg  
President

## The SVBW

**SparkassenVerband Baden-Württemberg (Savings Bank Association of Baden-Württemberg – hereinafter always referred to as “SVBW”) brings together Baden-Württemberg’s 56 savings banks (55 savings banks since January 1, 2007) with 2,534 branches (including self-service branches), 36,324 employees, and total assets of €161.8 billion and their municipal owners.**

The head of SVBW is Association President Peter Schneider, a member of the State Parliament of Baden-Württemberg. He represents and leads the Group in SVBW’s governing bodies. His full-time deputy is Association Director Tilmann Hesselbarth. The head of the Association is the Supervisory Board Chairman of Landesbank Baden-Württemberg (LBBW) and of LBS Landesbausparkasse Baden-Württemberg. SVBW’s president is also Supervisory Board Chairman of SparkassenVersicherung Holding AG and deputy Supervisory Board Chairman of SV SparkassenVersicherung Gebäudeversicherung AG and SV Sparkassen-Versicherung Lebensversicherung AG.

### **Legal Form**

SVBW is a public-law institution with headquarters in Stuttgart and another office in Mannheim.

### **Members**

SVBW’s members are Baden-Württemberg’s 56 (January 1, 2007: 55) legally independent savings banks. These savings banks – comprising

19 Kreissparkassen (county savings banks), one Stadtsparkasse (municipal savings bank), 34 Bezirkssparkassen (district savings banks), and two Zweckverbandssparkassen (special-purpose association savings banks) – along with their municipal owners comprise SVBW.

### **Legal Supervision**

Baden-Württemberg’s savings banks and the SVBW are subject to the legal supervision of the State of Baden-Württemberg. The supervisory authority responsible for the SVBW is the Ministry of the Interior of Baden-Württemberg. The savings banks are subject to the supervision of the responsible Regierungspräsidium (Regional Council).

### **Ownership and Membership**

The guarantors of Landesbank Baden-Württemberg (LBBW), which was founded on January 1, 1999, are the SVBW along with the State of Baden-Württemberg (35.611 percent interest each), the state capital Stuttgart (18.932 percent), the Savings Bank Association of Rhineland-Palatinate (4.923 percent), and Landes-kreditbank (4.923 percent).

The owners of LBS Landesbausparkasse Baden-Württemberg are the SVBW (93.33 percent) and LBBW (6.67 percent). In addition, the SVBW is also one of the owners of LBS Landesbausparkasse Rheinland-Pfalz (20 percent interest held).

The SVBW is a member of Deutscher Sparkassen- und Giroverband e.V. (DSGV—the German Savings Bank Asso-

ciation), as well as Deutscher Sparkassen- und Giroverband Körperschaft des öffentlichen Rechts, both based in Berlin.

In addition to being a co-owner of the Association partners LBBW and LBS, the shares in SV Holding AG are combined via investment companies, which are managed by SVBW.

#### Employees

At the end of 2006, the SVBW employed 344 staff, including 49 part-time employees, most of whom work at the Sparkassenakademie (Savings Bank Academy). The 295 full-time employees are divided among the individual departments as follows:

Association Management and Department 1 Policy/Legal Affairs/Human Resources and Administration	61
Department 2 Sparkassenakademie (Savings Bank Academy)	57
Department 3 Market and Operations	57
Department 4 Information Technology	17
Department 5 Auditing	103

<sup>1)</sup> Sale to First Data Corporation by way of a purchase agreement dated December 30, 2005.

#### Key Equity Investments

- Beteiligungsgesellschaft des SparkassenVerbands Baden-Württemberg mbH & Co.KG
- Geschäftsführungsgesellschaft mbH des SparkassenVerbands Baden-Württemberg
- Deutscher Sparkassen Verlag GmbH, Stuttgart
- EURO Kartensysteme GmbH, Frankfurt
- ConCardis GmbH, Frankfurt
- GZS Gesellschaft für Zahlungssysteme mbH, Frankfurt <sup>1)</sup>
- Innovationsförderungs-Gesellschaft der Badischen Sparkassenorganisation mbH, Mannheim
- DS Zahlungsverkehrsgesellschaft mbH, Karlsruhe
- Kommunalentwicklung LEG Baden-Württemberg GmbH, Stuttgart
- Landsiedlung Baden-Württemberg GmbH, Stuttgart
- SI-BW Geschäftsführungsgesellschaft mbH, Karlsruhe
- SIZ-Informatik-Zentrum der Sparkassenorganisation GmbH, Bonn
- Solidarpakt Grundstücksgesellschaft des Badischen Sparkassen- und Giroverbandes KG, Mannheim
- Sparkassen-Beteiligungen Baden-Württemberg GmbH
- Sparkassen Informatik Verwaltungsgesellschaft mbH, Frankfurt
- “WIRTSCHAFTSPRÜFUNG” Treuhand-, Revisions- und Unternehmensberatungs-Gesellschaft mbH, Wirtschaftsprüfungsgesellschaft und Steuerberatungsgesellschaft, Ditzingen near Stuttgart
- WSV Württembergische Sparkassen Beteiligungsverwaltungsgesellschaft mbH, Stuttgart

In the year under review, one employee of the Auditing department successfully passed the Association's audit examination, and one employee passed the tax advisor examination. In addition, two employees passed the examination to become certified public accountants (Wirtschaftsprüfer), and one employee completed a bachelor's degree in finance.

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# Activities of the Executive Bodies and Committees

**The executive bodies of SVBW make key decisions relating to the future direction of business policy, strategy and organization of the Sparkassen-Finanzgruppe.**

In 2006, the executive bodies held the following meetings: two Association Assembly meetings, five Association Board meetings, one Municipal Liaison Committee meeting, three Marketing and Marketing Communication Committee meetings, and two Human Resources Development Committee meetings. Moreover, the Supervisory Board Chairmen's Working Group held five meetings and the Owner Representatives' Working Group held three. Six Chairmen's Conferences and one conference of the full Board took place as well.

A new Association President was elected at the SVBW's **9<sup>th</sup> Association Assembly meeting** on February 16, 2006. The election was necessitated by President Heinrich Haasis being elected President of the DSGV by the members' meeting of the DSGV on December 1, 2005. Peter Schneider, Member of the State Parliament of Baden-Württemberg and District Administrator of Biberach District, was elected his successor as SVBW President.

**The 10<sup>th</sup> Association Assembly meeting** was held on July 20, 2006 and included regular discussions of the 2006 annual financial statements and reports of SVBW and the Association partners

Landesbank Baden-Württemberg, LBS Landesbausparkasse Baden-Württemberg, and SV Sparkassen-Versicherung.

In its meetings, the Association's Board addressed current organizational and policy topics and issues, as well as approving SVBW's annual financial statements and voting in favor of the SVBW's budget for 2007. The Municipal Liaison Committee also held its meeting, which traditionally serves as a forum for savings banks and top-level municipal associations to share experiences and information. The presentations included reports on the business performance of the savings banks and Association partners and current savings bank-related issues, among others. The Marketing and Marketing Communication Committee meetings centered around various products and the associated advertising. The Human Resources Development Committee discussed questions and plans concerning training and continuing education at the central savings bank educational institution, the Sparkassenakademie Baden-Württemberg (Baden-Württemberg Savings Bank Academy).

## The Savings Banks in 2006 – A Strong Foundation for Success

**The 56 (55 since January 1, 2007) savings banks in Baden-Württemberg reported significant growth in deposits and lending in fiscal 2006. This result reflects the initial success of stepped-up sales and marketing efforts. In this regard, the savings banks not only optimized their products, but also revamped their financial advisory services. Thanks to the “Sparkassen-Finanzkonzept” (Savings Bank Financial Plan), customers receive specially tailored information rapidly to help them select suitable investments.**

**With 2,534 branches (including self-service branches), Baden-Württemberg’s savings banks offer comprehensive coverage and guarantee financial services for everyone. They manage more than 8.3 million savings accounts, as well as nearly 5.1 million checking accounts.**

**Total assets top €160 billion for the first time**

In the past year, the aggregate total assets of Baden-Württemberg’s savings banks rose to €161.8 billion





(€157.9 billion; previous year's figures are given in parentheses). This makes the SVBW the largest regional association in Germany. The growth in total assets by 2.5 percent was driven almost exclusively by business with customers (customer deposits up 2.2 percent; customer loans up 2.5 percent).

#### **Customer deposits:**

##### **Largest increase in five years**

Total customer deposits at Baden-Württemberg's savings banks increased by €2.1 billion (€1.3 billion) for growth of 2.2 percent (1.4 percent) to €97.0 billion. This is the largest jump in five years.

There was a slight drop in savings deposits by 1.4 percent (plus 0.3 percent), or €0.6 billion, for a total of €43.5 billion. High-interest savings deposits account for 88 percent of this amount. In contrast, demand deposits, which include money market accounts accessible daily, grew considerably by 4.3 percent (7.4 percent), or €1.2 billion (€1.9 billion). Total issues by savings banks also improved considerably to €14.5 billion after a drop in 2005. Up 7.2 percent (minus 3.9 percent), this category reported the highest growth rate among customer deposit segments.

For the first time since 2001, time deposits grew again by 5.2 percent (minus 2.2 percent) for an increase of €0.5 billion to €10.0 billion currently.

On the whole, the increase in demand deposits, own issues and time deposits more than compensated for the outflows

from savings deposits. This satisfactory result indicates that Baden-Württemberg's savings banks have again been successful in offering their customers attractive options for investing their money.

#### **Securities business moderate**

The stock markets were up sharply once again. The German stock index, the DAX, saw a gain of 22 percent in the past year. This was the fourth consecutive jump with stock prices expected to rise further in 2007. Although the bull market has caused the DAX to triple since March 2003, the savings banks' securities business remained rather muted. After the experience of the huge stock market boom around the turn of the 21<sup>st</sup> century and the sometimes very painful losses suffered, investors have become more careful.

Securities turnover with customers as the sum of all purchases and sales at Baden-Württemberg's savings banks rose by 11.6 percent (24.5 percent) to €18.3 billion. As in the previous year, the top sellers were investment funds at €8.3 billion.

Net sales of all securities as a difference between purchases and sales experienced a minor decline of 4.1 percent to €1.1 billion after the atypical increase of 61.3 percent in 2005. The reason for this is likely profit-taking in the stock market. More stocks were sold than bought for a net total of €0.6 billion (€0.3 billion). Net sales of investment funds totaling €0.7 billion fell short of the previous

year's increase (€1.0 billion). More fixed-interest securities were bought than sold for a net total of €1.0 billion (€0.4 billion).

#### **Accumulation of financial assets**

The rate of savings by private households dropped slightly for the first time since 2000 from 10.6 percent to 10.5 percent of available income. One reason for this could be the buoyant economy, which in turn had a positive effect on consumption by private households. After two years of stagnation, private consumption again rose minimally by 0.6 percent in real terms. At the same time, a majority of the population is not expected to be affected by this basic development. For many, incomes are stagnating or declining, while taxes are rising and health care expenses are increasing: all factors that barely leave room for additional consumption and building private retirement savings.

#### **Upswing gains steam:**

##### **Loan volume up again**

An upturn in the lending business was evident as early as 2005, a development that gained significant momentum in 2006. Loan disbursements nearly reached the peak figures of the 1990s. Compared to the previous year, loans to customers rose by 2.5 (1.7) percent to €89.8 billion. The extremely favorable interest rates available to customers gave rise to a further shift from the short-term to the medium- and long-term range.

#### **Loans to retail customers**

Total loans to private individuals grew by 1.6 (1.8) percent to €46.8 billion. The home construction loans, including mortgage loans, included in this total increased by approximately €1.0 billion, or 3 (3.3) percent, to €35.6 billion.

The decline in total consumer loans (installment and non-installment loans) slowed slightly from 2.6 percent in 2005 to 2.4 percent. The total at the end of the year decreased by €269 million compared with 2005 and amounted to €11.2 billion. The nationwide "Sparkassen-Privatkredit" (Savings Bank Private Loan) campaign in Germany only produced notable results in certain of Baden-Württemberg's savings banks, but in these cases did result in significant sales successes. A nationwide survey at several savings banks, including some in Baden-Württemberg, indicated that proactive advertising along with active sales measures can be successful. In these cases, the average number of loans and the average volume per checking account were increased substantially during the advertising period. With the support provided by favorable consumer confidence in 2007, it can be assumed that the market share lost in previous years can be regained if the consumer loan business is systematically and sustainably repositioned.

#### **Home construction financing**

The positive changes in the home construction financing portfolio were reflected in an increase of 2.9 (2.6) percent



over the previous year. This result is also due to successful sales efforts and intensive advertising for “Bausparkassen-Finanzierung” (Home Savings and Loan Association Financing). This applies equally to new business as well as active management of extensions in the case of expiring fixed-interest periods. In this case in particular, the turnaround on the capital market that became apparent in the spring resulted in increased sensitivity among borrowers.

The aggregate portfolio of home construction loans increased by around €1.2 billion for growth of 2.9 (2.6) percent, reaching a total volume of €42.9 billion at the end of the year. This figure corresponds to approximately 48 percent of the total loan volume of the savings banks in Baden-Württemberg.

The discontinuation of the Eigenheimzulage (a type of government subsidy to promote home ownership) continues to be viewed as a critical issue. Time will tell the extent to which this development will adversely affect private home construction in the coming years. Regardless, home ownership constitutes another important component of private retirement planning.

#### **Real estate brokerage**

An indicator that makes it simple to determine the total transaction volume of the market is the real estate transfer tax revenue collected in Baden-Württemberg. The Statistisches Landesamt (State Statistical Office of Baden-Württemberg)

calculated a positive change of 15.2 percent over 2005. However, due to the high-revenue fourth quarter of 2005 and additional extraordinary effects (large-scale transactions), total real estate transfer tax revenue in 2006 can only be used for comparative purposes to a limited degree.

With 6,141 homes brokered, the savings banks (including BW Bank) were not quite able to match the peak result of the previous year (7,109 in 2005 after 5,818 in 2004). In total, our member institutions successfully brokered 7,153 pieces of residential and commercial real estate with a value of €1,294 million (€1,317 million in the prior year). The brokerage volume and commission income have increased steadily since 2000 with the exception of 2005, which was a record year (due to the elimination of the Eigenheimzulage subsidy).

In the long-term view, the significant optimization of the ratio of property volume to commission income generated is particularly notable. Whereas in 2000 this figure averaged 4.23 percent, in 2005 and 2006 it was 4.71 percent.

#### **Volume of loans to entrepreneurs and the self-employed up again**

The upswing in this segment is robust. Loans to companies and the self-employed rose sharply by 2.6 (0.9) percent to €38.8 billion. An increase in loan commitments by 8.6 percent and loan disbursements by 10.3 percent went hand-in-hand with the positive trend in

**The rate of savings by private households declined slightly for the first time since 2000 from 10.6 percent to 10.5 percent. One reason for this could be the very satisfactory performance of the economy.**

the volume of loans extended to companies and the self-employed. Loan disbursements to companies reached their highest level since 2000. The savings banks were available to business, commercial and corporate clients as a skilled and reliable partner for all types of financing issues and will continue to work to drive this upswing in 2007.

These very satisfactory growth rates affect the medium- to long-term range more than the short-term range. The overall low interest rate level in all time ranges has evidently moved many companies to obtain more long-term loans in order to increase their security in projecting financing costs.

The strong growth has spread to nearly all sectors of the economy. The loan overviews by economic sector indicated that the economic growth drivers have led to improved indicators across all industries. The savings banks recorded the highest relative increase in loan volume in the energy/water supply/mining segment, which saw growth of 16.4 percent over the previous year. Although the construction sector continued to experience a downturn (-2.9 percent), a comparison with the previous year (-5.5 percent) indicates that the savings banks are benefiting from the improved order situation in the industry and the optimism spreading among construction companies. The largest increase—€797 million—was recorded by the service sector with growth of 4.4 percent over the previous year.



### **Municipal loans**

The strong relationship between the savings banks and municipalities in Baden-Württemberg is evident not least in their traditional function as the principal bank to their owners. The volume of loans to public authorities as of the end of 2006 amounted to nearly €3 billion for an increase of 13 (12.9) percent, or €343 million.

### **Liabilities to public-sector entities**

In addition, the trend in deposits by public authorities was particularly satisfactory. Compared to the previous year, this item grew by 15.7 percent, or €483 million. On the whole, liabilities to public-sector entities totaled around €3.6 billion at the end of 2006.

### **Analysis of income and expenses**

#### **(Erfolgsspannenrechnung):**

#### **Earnings stable – CIR below target of 60**

The profitability outlook for Baden-Württemberg's savings banks is slightly weaker, both in terms of operating result and the result after valuation. In fiscal year 2006, the operating result before valuation amounted to 1.03 (1.09) percent of average total assets (ATA). In absolute terms, this corresponds to a decline of around €52 million with a slight increase in ATA growth of 2.6 percent. This is very close to the result for Germany as a whole (1.04 percent).

The further increase in pressure on margins and the flat interest rate structure have caused a decrease in net interest income by 0.10 percentage points to

2.02 (2.12) percent of ATA. In absolute figures, net interest income remained almost unchanged at €3.2 billion (€3.3 billion).

The result was influenced materially by declining interest income (-0.07 percentage points), which hit a ten-year low at 4.49 percent of ATA. The 0.05 percentage point increase in interest expenses (2.46 percent of ATA) also caused a decline in interest margin.

Ordinary income amounting to 0.53 percent of ATA (Germany: 0.63 percent) and the commission income contained in this item (0.48 percent of ATA) remained exactly at last year's levels. The sales initiative did not yet have the desired result in this case.

Ordinary expenses improved further, once again decreasing slightly year-on-year to 1.53 (1.57) percent of ATA. In absolute terms, this figure totaled €2.4 billion. Personnel expenses declined by 0.03 percentage points to 0.96 percent of ATA, while moderate increases in collectively agreed wages and the further consolidation of staff (reduction of 0.9 percent of employee capacity in 2006) favorably influenced earnings. Non-labor costs dropped marginally to 0.55 percent of ATA (previous year: 0.56 percent). In absolute figures, personnel expenses amounted to €1.5 billion and non-labor costs to €0.9 billion, reinforcing last year's result. Baden-Württemberg's savings banks continue to be leaders in Germany in this regard.

At 0.02 percent of ATA, net income from financial transactions was also unchanged in 2006 from the prior period. This represents a slight downturn in absolute terms.

In net terms, the trend toward increasing interest rates on money and capital markets in Germany led to the recognition of write-downs in the trading account securities portfolio. As a result, the valuation result in the securities business, which amounted to -0.14 percent of ATA (previous year: +0.09 percent), caused a decline in profitability again for the first time since 2002.

Due to the provisions set up in recent years and the stable performance of the economy with a decline in insolvencies, risk provisions in the lending business in 2006 amounted to -0.14 (-0.25) percent of ATA, or €-221 million. This is the fifth consecutive year of this downward trend.

The main factor influencing the valuation result is additions to the provisions for general banking risks. Against the backdrop of a reduced operating result, the expected further improvement in the valuation result in the lending business, and a significant rise in the expense for securities valuation, additions to the provisions for general banking risks (-0.25 percent) were smaller than in the previous year (-0.34 percent).

The net valuation result amounts to -0.54 percent of ATA. It should be taken into account that the changes contained

therein in the provisions for general banking risks have an effect as a control variable and are currently estimated at a low level. Due to this valuation result, the operating result after valuation dropped to 0.49 (0.58) percent of ATA.

At -0.11 percent of ATA, non-operating earnings are down by €84 million for a negative figure in net terms. This results in earnings before tax totaling 0.38 (0.41) percent of ATA. After deduction of taxes amounting to €343 million (€385 million), net income for the year was in line with last year's result at 0.16 percent of ATA.

In summary, the profitability situation in 2006 resulted in a slightly increased cost-income ratio of 59.4 percent. In this context, a decline in income of €52 million stands in contrast with a reduction in costs of €0.5 million. For the third consecutive year, this figure fell below the target value of 60.0 percent aimed for in the DSGV strategy paper. This result again places our association in the top position among the savings bank associations.

**Savings banks support upswing:  
Foundation strengthened**

With a cost-income ratio of just under 60 percent (59.4 percent), Baden-Württemberg's savings banks continue to lead the Sparkassen-Finanzgruppe in business performance.

The statutory capital adequacy requirements were met easily: the Tier 1 capital

ratio was up from 7.6 percent to 7.8 percent (minimum regulatory requirement: 4 percent) and the ratio of liable capital to risk assets according to Principle I improved over the previous year to 13.3 percent (minimum regulatory requirement: 8 percent). Baden-Württemberg's savings banks therefore have the resources to extend additional loans. If the economic upswing gains further steam, the savings banks in Baden-Württemberg will be ready to participate in this development.



Business performance of the 56 Savings banks	Total as of Dec. 31, 2006		Change in			
			2006		2005	
	€m	%	€m	%	€m	%
Savings deposits	43,495	26.9	-604	-1.4	151	0.3
Own issues	14,495	9.0	969	7.2	-550	-3.9
Time deposits	10,026	6.2	494	5.2	-211	-2.2
Demand deposits	28,948	17.9	1,198	4.3	1,907	7.4
Liabilities to customers	96,963	59.9	2,056	2.2	1,297	1.4
Liabilities to banks	49,953	30.9	1,048	2.1	2,084	4.5
Bills discounted	133	0.1	-18	-12.1	-46	-23.5
Short-term claims	8,639	5.3	-209	-2.4	-477	-5.1
Medium-term claims	5,305	3.3	79	1.5	412	8.6
Long-term claims	75,763	46.8	2,301	3.1	1,596	2.2
Loans to customers <sup>1)</sup>	89,839	55.5	2,153	2.5	1,485	1.7
Loans to banks	14,073	8.7	-265	-1.8	1,252	9.6
Own securities investments	40,536	25.1	-134	-0.3	444	1.1
Total assets	161,769	100.0	3,877	2.5	4,223	2.7
Business volume	161,773		3,876	2.5	4,223	2.7

1) including acquired  
borrower's notes and  
registered bonds





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## SVBW Philanthropy at a Glance

**For many years, the savings banks have been increasing their commitment to the community by forming savings bank foundations. In 2006, Baden-Württemberg's savings banks (including the Association) formed five new foundations and increased the capital at its now 72 foundations by a total of €16 million to nearly €100 million.**

Their total philanthropic spending (donations, funds distributed by the foundations, sponsorships, etc.) amounted to €39.3 million, with around €20.8 million earmarked for cultural and social projects. Baden-Württemberg's savings banks therefore continue to contribute substantially to the cultural and social life of the region.

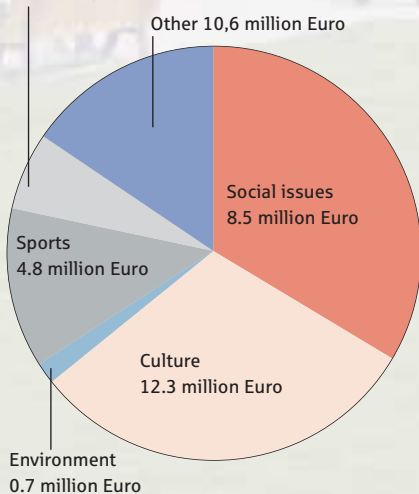
The contributions made by Baden-Württemberg's savings banks for charitable purposes totaled €39.3 million in 2006.

Donations	23.6 million Euro
Special-purpose bonus savings plan income (Prämienspar-Zweckerträge)	1.3 million Euro
Other contributions and sponsorships	10.4 million Euro
Foundation disbursements	3.9 million Euro

**Total funds disbursed:**

**Breakdown of philanthropic spending**  
39,3 million Euro

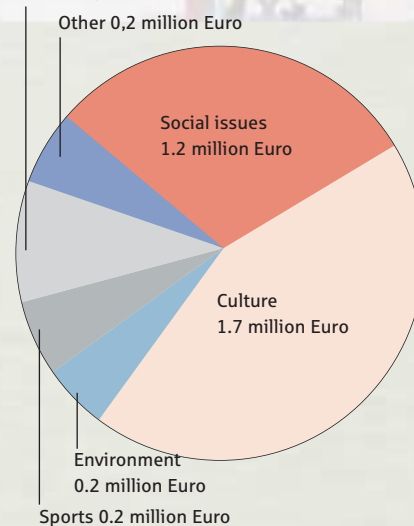
Research, promotion of business and science 2,4 million Euro



**Breakdown of foundation disbursements:**

**Foundation disbursements**  
3,9 million Euro

Research, promotion of business and science 0,4 million Euro



## Baden-Württemberg's Savings Banks (as of December 31, 2006)

Savings Bank	Chairman of the Supervisory Board	Board of Managing Directors	Owner representative	Business volume €m
Stadtsparkasse Baden-Baden	OB Wolfgang Gerstner	Eduard Freudl Lothar Volle	SR Hubert Falk	943
Kreissparkasse Biberach	LR Dr. Heiko Schmid	Günther Wall Thomas Jakob Joachim Trapp	KR/BM a.D. Martin Loth	5,627
Sparkasse Bodensee	LR Siegfried Tann	Werner Allgöwer Franz Bernhard Bühler Rainer Weis	OB Horst Frank	4,108
Kreissparkasse Böblingen	LR Bernhard Maier	Carsten Claus Dr. Detlef Schmidt Michael Tillmann	KR/BM Wilfried Dölker	6,407
Sparkasse Bonndorf-Stühlingen	BM Michael Scharf	Theo Binninger Georg Riesterer	BM Theobald Fritz	463
Sparkasse Bühl	OB Hans Striebel	Karl Ferdinand Langanki Norbert Hartmann	BM Helmut Pautler	778
Sparkasse Engen-Gottmadingen	BM Johannes Moser	Jürgen Stille Werner Schwacha	BM Dr. Michael Klingler	847
Kreissparkasse Esslingen-Nürtingen	LR Heinz Eininger	Franz Scholz Bernd Haußels Bernd Georges Michael Vogt	KR/BM Hermann Bauer	8,597
Sparkasse Ettligen	OB Gabriela Büsselmaier	Kurt Rössler Hans Fütterer	BM Rudi Knodel	1,208
Sparkasse Freiburg-Nördlicher Breisgau	OB Dr. Dieter Salomon	Horst Kary Marcel Thimm Erich Greil Werner Haas Stefan Siebert	OB Stefan Schlatterer	5,209

SR = City Councilor (Stadtrat)

KR = District Councilor (Kreisrat)

BM = Mayor (Bürgermeister)

OB = Lord Mayor (Oberbürgermeister)

LR = District Administrator (Landrat)

Savings Bank	Chairman of the Supervisory Board	Board of Managing Directors	Owner representative	Business volume €m
Kreissparkasse Freudenstadt	LR Peter Dombrowsky	Uwe Braun Thomas Müller Leopold Zanker (stv.)	KR/BM Heinz Hornberger	1,801
Sparkasse Gaggenau-Kuppenheim	OB Michael Schulz	Werner Magin Dieter Kraft	BM Karsten Mußler	748
Sparkasse Gengenbach	BM Michael Roschach	Thomas Laubenstein Alois Lehmann	BM Horst Wimmer	442
Kreissparkasse Göppingen	LR Franz Weber	Jürgen Hilse Hans Kellermann Joachim Müller	KR Albrecht Sperrfechter	4,944
Sparkasse Hanauerland	OB Dr. Günther Petry	Joachim Parthon Bernd Gier Jutta Grandjean (stv.) Wolfgang Huber (stv.)	BM Meinhard Oberle	948
Sparkasse Haslach-Zell	BM Heinz Winkler	Mathias Wangler Klaus Minarsch	BM Hans-Martin Moll	950
Sparkasse Heidelberg*	Dr. Eckart Würzner	Helmut Schleweis Bruno Fertig Bernd Wochele	OB Bernd Kappenstein	4,952
Kreissparkasse Heidenheim	LR Hermann Mader	Thomas Bögerl Otto Häcker Dieter Steck	KR/OB a.D. Siegfried Rieg	1,651
Kreissparkasse Heilbronn	LR Detlef Piepenburg	Hans Michael Hambücher Matthias Peschke Dr. Thomas Braun Bernhard Steck	OB Helmut Himmelsbach	7,199
Sparkasse Hochrhein	OB Martin Albers	Edwin Bürsner Heinz Rombach Roland Supper	BM Martin Weissbrodt	2,345

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Savings Bank	Chairman of the Supervisory Board	Board of Managing Directors	Owner representative	Business volume €m
Sparkasse Hochschwarzwald	BM Georg-Wilhelm von Oppen	Jochen Brachs Dieter Vogelbacher	BM Armin Hinterseh	916
Sparkasse Hockenheim**	OB Dieter Gummer	Rainer Arens Michael Hartmann	BM Gerhard Greiner	590
Sparkasse Hohenlohekreis	LR Helmut M. Jahn	Werner Gassert Bernd Kaufmann Johannes von Hebel	KR/BM a. D. Martin Tuffentsammer	1,383
Sparkasse Karlsruhe	OB Heinz Fenrich	Michael Huber Ralph Ganz Heinrich G. Birken Manfred Blum Rudolf Scheuer	BM Klaus-Dieter Scholz	5,404
Sparkasse Kraichgau	OB Bernd Doll	Volker Wopperer Bernhard Firnkens Norbert Griebhaber	OB Paul Metzger	2,960
Sparkasse Lörrach-Rheinfelden	OB Gudrun Heute-Bluhm	Bernhard Pauls André Marker Klaus Jost	OB Eberhard Niethammer	2,156
Kreissparkasse Ludwigsburg	LR Dr. Rainer Haas	Dr. Heinz-Werner Schulte Harald Felzen Günter Kunkel	KR/OB a. D. Manfred List	8,507
Sparkasse Markgräflerland	OB Wolfgang Dietz	Georg Belle Wolfgang Seitz Ulrich Feuerstein	BM Dr. René Lohs	1,827
Sparkasse Neckartal-Odenwald	OB Michael Jann	Gerhard Stock Helmut Augustin	BM Roland Burger	2,083
Sparkasse Offenburg/Ortenau	OB Edith Schreiner	Dr. Hermann Weber Helmut Kienzle	OB Dr. Wolfgang G. Müller	3,614

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Savings Bank	Chairman of the Supervisory Board	Board of Managing Directors	Owner representative	Business volume €m
Kreissparkasse Ostalb	LR Klaus Pavel	Johannes Werner Carl Trinkl Dr. Christof Morawitz	KR Hans Birkhold	4,312
Sparkasse Pforzheim Calw	LR Karl Röckinger	Jürgen Teufel Dr. Herbert Müller Hans-Heiner Bouley Immanuel Mohn Hans Neuweiler Stephan Scholl	LR Hans-Werner Köblitz	10,796
Sparkasse Pfullendorf-Meißkirch	BM Thomas Kugler (until Jan. 1, 2007)	Hermann Stengele Hubert Rist	BM Bernhard Stadler	510
Sparkasse Rastatt-Gernsbach	OB Klaus-Eckhart Walker	Martin Zoller Klemens Götz Martin Seidel	BM Dieter Knittel	1,384
Kreissparkasse Ravensburg	LR Kurt Widmaier	Heinrich Pumpmeier Norbert Martin Dr. Manfred Schöner	KR/BM Roland Bürkle	4,846
Bezirkssparkasse Reichenau	BM Volker Steffens	Johann Roth Günter Weber	BM Helmut Kennerknecht	705
Kreissparkasse Reutlingen	LR Thomas Reumann	Eugen Schäufele Dr. Harald Griesel Michael Bläsius Joachim Henkel (stv.)	KR/BM a.D. Otwin Brucker	4,014
Sparkasse Rhein Neckar Nord	OB Heiner Bernhard	Prof. Dr. Rüdiger Hauser Jürgen Muley Matthias Bretschneider Ulrich Sonntag	OB Gerhard Widder	4,465
Kreissparkasse Rottweil	LR Dr. Wolf-Rüdiger Michel	Matthäus Reiser Roland Eckhardt	KR/BM Herbert Halder	2,215

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Savings Bank	Chairman of the Supervisory Board	Board of Managing Directors	Owner representative	Business volume €m
Sparkasse Salem-Heiligenberg	BM Manfred Härle	Jochen Haaga Hans-Peter Knoblauch	BM Knut Simon	760
Sparkasse Schönau-Todtnau	BM Bernhard Seger	Klaus Armbruster Gabriele Jankowiak	BM Andreas Wießner	311
Sparkasse Schopfheim-Zell	BM Christof Nitz	Lothar Müller Georg Ückert	BM Rudolf Rümmele	651
Sparkasse Schwäbisch Hall-Crailsheim	LR Gerhard Bauer	Thomas Lützelberger Manfred Hegedüs Wilhelm Hofmann	KR/BM a. D. Kurt Engel	2,834
Sparkasse Schwarzwald-Baar	OB Dr. Rupert Kubon	Arendt Gruben Wolfgang Wurbs	BM Richard Krieg	3,148
Hohenzollerische Landesbank Kreissparkasse Sigmaringen	LR Dirk Gaerte	Dr. Joachim Herrmann Stefan Häußler	KR Otto Bacher	1,581
Sparkasse Singen-Radolfzell	OB Oliver Ehret	Volker Wirth Udo Klopfer	OB Dr. Jörg Schmidt	2,391
Bezirkssparkasse St. Blasien	BM Johann Meier	Herbert Schupp Arno Lehmann	BM Rolf Schmidt	311
Sparkasse Staufen-Breisach	BM Michael Benitz	Herbert Lehmann Wolfgang Kaltenbach Georg Selinger	BM Oliver Rein	1,180
Sparkasse Stockach	BM Rainer Stolz	Michael Grüninger Thomas Lorenz	BM Ralf Bendl	406
Sparkasse Tauberfranken	BM Wolfgang Vockel	Oskar Fuchs Markus Biere Wolfgang Reiner	OB Stefan Mikulicz	2,795

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Savings Bank	Chairman of the Supervisory Board	Board of Managing Directors	Owner representative	Business volume €m
Kreissparkasse Tübingen	LR Joachim Walter	Raimund Kirschniak Dr. Christoph Gögler Jürgen Ferber	KR/OB a.D. Dr. Eugen Schmid	4,360
Kreissparkasse Tuttlingen	LR Guido Wolf	Lothar Broda Julius Fuchs Markus Waizenegger	KR/OB a.D. Heinz-Jürgen Kolozcek	3,086
Sparkasse Ulm	LR Heinz Seiffert	Manfred Oster Dr. Guido Steeb Wolfgang Hach	OB Ivo Gönner	4,699
Kreissparkasse Waiblingen	LR Johannes Fuchs	Albert Häberle Horst Baßmann Lothar Kümmerle	KR/BM a.D. Friedrich Seibold	6,809
Sparkasse Wolfach	BM Gottfried Moser	Günter Rauber Ulrich Kniep	BM Thomas Haas	386
Sparkasse Zollernalb	LR Willi Fischer	Markus Schmid Jürgen Haberbosch Claus Kimmerle	KR/BM Hermann Luppold	3,211

\* As of January 1, 2007: merger with Sparkasse Hockenheim

\*\* As of January 1, 2007: merger with Sparkasse Heidelberg

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## Savings Banks Balance Sheet Items

€m	Liabilities to customers Dec. 31		Loans to customers <sup>1)</sup> Dec. 31		Business volume Dec. 31	
	2006	2005	2006	2005	2006	2005
	Baden-Baden	657	631	508	475	943
Biberach	2,073	2,012	1,894	1,783	5,627	5,304
Böblingen	3,549	3,436	3,823	3,817	6,407	6,257
Bodensee	2,518	2,501	2,365	2,269	4,108	4,102
Bonndorf-Stühlingen	252	245	262	257	463	457
Bühl	468	462	444	452	778	781
Engen-Gottmadingen	496	474	511	492	847	805
Esslingen-Nürtingen	4,666	4,610	4,536	4,595	8,597	8,376
Ettlingen	802	784	585	563	1,208	1,187
Freiburg-Nördlicher Breisgau	3,188	3,122	3,755	3,711	5,209	5,193
Freudenstadt	1,135	1,170	851	872	1,801	1,778
Gaggenau-Kuppenheim	475	463	432	434	748	738
Gengenbach	211	203	238	239	442	424
Göppingen	2,759	2,708	2,886	2,873	4,944	4,944
Hanauerland	571	527	579	535	948	846
Haslach-Zell	561	553	616	610	950	934
Heidelberg <sup>2)</sup>	3,511	3,372	3,119	3,050	5,543	5,450
Heidenheim	1,116	1,112	856	851	1,651	1,607
Heilbronn	4,132	4,100	4,387	4,313	7,199	7,121
Hochrhein	1,453	1,404	1,427	1,378	2,345	2,287
Hochschwarzwald	549	551	578	577	916	913
Hohenlohekreis	897	839	854	855	1,383	1,366
Karlsruhe	3,866	3,772	3,279	3,155	5,404	5,349
Kraichgau	1,878	1,870	1,766	1,749	2,960	2,940
Lörrach-Rheinfelden	1,231	1,169	1,384	1,235	2,156	2,008
Ludwigsburg	5,518	5,402	3,932	3,867	8,507	8,407
Markgräflerland	925	896	1,228	1,140	1,827	1,807
Neckartal-Odenwald	1,356	1,337	1,163	1,120	2,083	2,053
Offenburg/Ortenau	2,274	2,204	2,122	2,132	3,614	3,549

€m	Liabilities to customers		Loans to customers <sup>1)</sup>		Business volume	
	Dec. 31		Dec. 31		Dec. 31	
	2006	2005	2006	2005	2006	2005
Ostalb	3,093	3,028	2,312	2,317	4,312	4,223
Pforzheim Calw	5,452	5,490	5,859	5,562	10,796	10,193
Pfullendorf-Meißkirch	336	333	323	313	510	500
Rastatt-Gernsbach	942	914	699	676	1,384	1,346
Ravensburg	2,523	2,535	2,661	2,570	4,846	4,677
Reichenau	306	307	568	538	705	679
Reutlingen	2,655	2,577	1,892	1,832	4,014	3,927
Rhein-Neckar-Nord	3,298	3,246	1,963	1,993	4,465	4,353
Rottweil	1,437	1,419	1,136	1,109	2,215	2,171
Salem-Heiligenberg	483	475	393	383	760	741
Schönau-Todtnau	167	169	190	188	311	309
Schopfheim-Zell	423	424	415	409	651	661
Schwäbisch Hall-Crailsheim	1,389	1,289	1,368	1,258	2,834	2,636
Schwarzwald-Baar	1,960	1,914	1,612	1,541	3,148	3,203
Hohenzollerische Landesbank Sigmaringen	985	972	758	737	1,581	1,548
Singen-Radolfzell	1,128	1,107	1,505	1,474	2,391	2,361
St. Blasien	154	159	195	189	311	304
Staufen-Breisgau	733	719	609	590	1,180	1,148
Stockach	238	235	267	259	406	406
Tauberfranken	1,744	1,696	1,377	1,368	2,795	2,724
Tübingen	2,536	2,479	2,455	2,382	4,360	4,250
Tuttlingen	1,752	1,696	1,984	1,958	3,086	2,974
Ulm	3,420	3,274	2,820	2,700	4,699	4,542
Waiblingen	4,422	4,259	4,008	3,887	6,809	6,577
Wolfach	241	231	223	214	386	370
Zollernalb	2,061	2,031	1,864	1,840	3,211	3,193
<b>Baden-Württemberg Total</b>	<b>96,963</b>	<b>94,907</b>	<b>89,839</b>	<b>87,686</b>	<b>161,773</b>	<b>157,897</b>

<sup>1)</sup> Including acquired borrower's notes and registered bonds

<sup>2)</sup> Merger with Sparkasse Hockenheim

## Statistical Overviews

Interim figures / Status of the savings banks				
Assets	As of Dec. 31, 2006		As of Dec. 31, 2005	
	€m	%	€m	%
Cash on hand	749	0,5	695	0,4
Balances at central banks	2,332	1,4	2,149	1,4
Bills eligible for refinancing	8	0,0	27	0,0
Claims on banks (MFIs)	23,104	14,3	21,562	13,7
Claims on non-banks (non-MFIs)	89,827	55,5	87,654	55,5
Bonds and other fixed-interest securities	29,248	18,1	29,887	18,9
Shares and other non-fixed interest securities	11,288	7,0	10,783	6,8
Equity investments	1,886	1,2	1,866	1,2
Shares in affiliated companies	296	0,2	272	0,2
Trust assets	30	0,0	35	0,0
Tangible assets	2,038	1,3	1,985	1,3
Other assets	963	0,6	977	0,6
<b>Total assets</b>	<b>161,769</b>	<b>100.0</b>	<b>157,892</b>	<b>100.0</b>

Interim figures / Status of the savings banks				
Liabilities	As of Dec. 31, 2006		As of Dec. 31, 2005	
	€m	%	€m	%
Liabilities to banks (MFIs) <sup>1)</sup>	47,090	29,1	46,042	29,2
Liabilities to non-banks (non-MFIs) <sup>1)</sup>	90,751	56,1	89,034	56,4
Savings deposits	43,495	26,9	44,099	27,9
Other liabilities	47,256	29,2	44,935	28,5
Certificated liabilities <sup>2)</sup>	6,692	4,1	6,169	3,9
thereof:				
Bonds issued	6,322	3,9	6,114	3,9
Money market securities issued	371	0,2	55	0,0
Trust liabilities	30	0,0	35	0,0
Bad debt provisions	272	0,2	253	0,2
Provisions	1,257	0,8	1,170	0,7
Special tax-allowable reserves	5	0,0	5	0,0
Subordinated liabilities <sup>3)</sup>	2,382	1,5	2,567	1,6
Capital generated by profit participation certificates	606	0,4	689	0,4
Equity	6,900	4,3	6,655	4,2
Other liabilities	5,783	3,6	5,273	3,3
Total assets	161,769	100.0	157,892	100.0
Contingent liabilities	4		5	
Business volume	161,773		157,897	
Guarantees	4,659		4,917	

<sup>1)</sup> Not including bonds or subordinated liabilities

<sup>2)</sup> Not including subordinated liabilities

<sup>3)</sup> Banks and non-banks

Savings banks and branches		
	Dec. 31, 2006	Dec. 31, 2005
Savings banks	55	56
Total savings bank branches	2,246	2,258
managed full-time	2,143	2,151
managed part-time	103	107
Self-service branches	288	284

Staff				
	2006		2005	
	No.	Change in %	No.	Change in %
Total employee	36,324	-1.0	36,700	-1.2
thereof apprentices	2,520	+0.2	2,515	-6.2

Breakdown of savings banks by size				
Business volume in €m	Dec. 31, 2006		Dec. 31, 2005	
	No. of institutions	Business volume	No. of institutions	Business volume
less than 500	6	2,318	6	2,270
500 to 1,500	15	13,911	16	14,160
1,500 to 2,500	9	18,049	9	17,619
2,500 to 5,000	15	57,397	16	61,070
5,000 or more	10	70,097	9	62,778
<b>Total</b>	<b>55</b>	<b>161,773</b>	<b>56</b>	<b>157,897</b>

Tax liability of Baden-Württemberg's savings banks		
	2006 €m Prelim. figures	2005 €m
Corporation tax (incl. solidarity surcharge)	210.4	221.1
Trade income tax	152.9	164.7
Other taxes	5.7	6.2
<b>Total tax liability</b>	<b>369.0</b>	<b>392.0</b>

Donations, foundation disbursements, and other contributions		
Use:	2006	
	€ m	Share in %
Social issues	8.5	21.6
Culture	12.3	31.2
Environment	0.7	1.8
Sports	4.8	12.3
Research, promotion of business and science	2.4	6.1
Other	10.6	27.0
<b>Total</b>	<b>39.3</b>	<b>100.0</b>

Account overview		
	Total in thousands of accounts	
	Dec. 31, 2006	Dec. 31, 2005
Savings accounts	8,342	8,591
Checking (giro) accounts	5,141	4,975
Term deposit accounts <sup>1)</sup>	121	117
Loan accounts <sup>2)</sup>	1,318	1,276
Custody accounts <sup>1)</sup>	470	481

<sup>1)</sup>Including accounts with no balance

<sup>2)</sup>Not including checking accounts

Savings deposits				
	Total		Thereof: bearing a higher interest rate	
	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005
Savings deposits (volume in €m)	43,495	44,099	38,112	37,936
Average balance per account (in €)	5,214	5,133	10,537	10,682

Securities business		
	2006 €m	2005 €m
<b>Total sales</b>	<b>18,275</b>	<b>16,371</b>
Fixed-interest securities	3,410	2,969
Shares, warrants	1,786	1,652
Investment and real estate shares	4,493	4,140
Purchases by customers	9,689	8,761
Fixed-interest securities	2,420	2,565
Shares, warrants	2,383	1,925
Investment and real estate shares	3,783	3,121
Sales by customers	8,586	7,611
Fixed-interest securities	990	404
Shares, warrants	-597	-273
Investment and real estate shares	710	1,019
Net sales to customers	1,103	1,150

Accumulation of financial assets by private individuals in Germany				
	2006		2005	
	€m	%	€m	%
Savings deposits	-511	-23.6	79	4.5
Own issues <sup>1)</sup>	953	44.0	-455	-25.7
Time deposits	244	11.3	-115	-6.5
Demand deposits	507	23.4	1,288	72.7
Profit participation certificates	-69	-3.2	-6	-0.3
Securities <sup>2)</sup>	1,039	48.0	981	55.4
Fixed-interest securities	835	38.6	342	19.3
Shares, warrants	-541	-25.0	-315	-17.8
Investment certificates	745	34.4	954	53.9
<b>Total</b>	<b>2,164</b>	<b>100.0</b>	<b>1,771</b>	<b>100.0</b>

<sup>1)</sup> At nominal value (zero coupon bonds at the face value of the issue), including subordinated securities and the balance from secondary sales and redemption of bearer bonds and savings bank bonds

<sup>2)</sup> At market value



Lending business						
Borrowers	As of Dec. 31, 2006		Change since the beginning of the year 2006		Change since the beginning of the year 2005	
	€m	%	€m	%	€m	%
Agriculture/forestry, fisheries	907	1.0	24	2.7	57	6.8
Energy/water utilities, mining	788	0.9	111	16.4	150	28.6
Manufacturing	7,121	7.9	48	0.7	-123	-1.7
Construction	2,389	2.7	-72	-2.9	-144	-5.5
Retail/wholesale	5,793	6.4	-106	-1.8	-147	-2.4
Communications/information transmission	965	1.1	47	5.2	50	5.7
Financial institutions (not including credit institutions) and insurance companies	2,100	2.3	123	6.2	118	6.3
Service providers (incl. the professions)	18,753	20.9	797	-4.4	368	2.1
Companies and financially independent private individuals	38,818	43.2	971	2.6	329	0.9
Consumer loans (installment and non-installment loans)	11,149	12.4	-269	-2.4	-310	-2.6
Home construction loans (including mortgage loans)	35,641	39.7	1,023	3.0	1,118	3.3
Non-financially independent private individuals and other private individuals	46,790	52.1	754	1.6	808	1.8
Public sector	2,983	3.3	343	13.0	301	12.9
Other borrowers	1,248	1.4	85	7.3	46	4.1
For information only: loans to tradesmen	5,250	5.8	-170	-3.1	342	6.7
<b>Total loans to customers</b>	<b>89,839</b>	<b>100,0</b>	<b>2,153</b>	<b>2.5</b>	<b>1,485</b>	<b>1.7</b>

Statement of income						
	SVBW					
	BV 2006		BV 2005		Change	
	% of ATA (avg. total assets)	€m	% of ATA	€m	in % points of ATA	€m
Net interest income	2.02	3,196	2.12	3,273	-0.10	-77
Net commission income	0.48	766	0.48	741	0.00	25
Administrative expenses	1.51	2,388	1.55	2,389	-0.04	-01
<b>Operating result before valuation</b>	<b>1.03</b>	<b>1,632</b>	<b>1.09</b>	<b>1,684</b>	<b>-0.06</b>	<b>-52</b>
Net income for the year	0.17	268	0.16	252	0.01	16

Equity base			
	2006 €m	2005 €m	Change in %
Liable capital	12,237	11,628	5.2
thereof: Tier 1 capital	7,195	6,832	5.3
Tier 2 capital	5,048	4,805	5.1
thereof: Capital generated by profit participation certificates	458	503	-8.8
Subordinated liabilities	1,901	2,100	-9.5
Weighted risk assets	92,011	90,273	1.9



