

Annual Report 2010
DekaBank Deutsche Girozentrale
Luxembourg S.A.



DekaBank Deutsche Girozentrale Luxembourg S.A. at a glance

| Business development indicators | | 31.12.2010 | 31.12.2009 | Change % |
|--|----|------------|------------|------------|
| Total assets | €m | 7,981 | 7,523 | 6.1 |
| Assets under management | €m | 12,880 | 12,785 | 0.7 |
| Number of securities accounts | | 332,126 | 361,158 | -8.0 |
| Performance indicators | | | | |
| Total income | €m | 327.0 | 369.3 | -11.5 |
| of which net interest income | €m | 29.8 | 94.7 | -68.5 |
| of which net commission income | €m | 90.0 | 97.0 | -7.2 |
| of which net income from equity investments | €m | 189.3 | 157.1 | 20.5 |
| Total expenses | €m | 77.0 | 68.1 | 13.1 |
| Result from valuation changes and risk provision | €m | 7.5 | -31.1 | -124.1 |
| Net income before tax | €m | 257.5 | 270.1 | -4.7 |
| Net income after tax | €m | 242.9 | 225.6 | 7.7 |
| Key ratios | | | | |
| Return on equity | % | 120.8 | 126.8 | -6.0%-pts. |
| Cost/income ratio | % | 23.5 | 18.4 | 5.1%-pts. |
| Key regulatory figures | | | | |
| Liable capital | €m | 505 | 484 | 4.3 |
| Key employee figures | | | | |
| Average number of employees | | 316 | 332 | -4.8 |

Return on equity (RoE before tax) corresponds to the economic income divided by the equity at the start of the financial year including atypical silent capital contributions.

Cost/income ratio (CIR) corresponds to the ratio resulting from total expenses (excluding restructuring expenses) and total income (before risk provision).

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Foreword

Dear Shareholders and Investors,

The DekaBank Group achieved excellent annual results in 2010. At €925.1m, the economic result increased significantly in 2010 as compared with the previous year (€661.8m). DekaBank Deutsche Girozentrale Luxembourg S.A. once again made a considerable contribution to the consolidated success and growth of the Group in financial year 2010, with a net income before tax of €257.5m. This affirms the strengths and advantages of having a comprehensive business model that extends across all the locations.

The fact that we are firmly anchored within the Sparkassen-Finanzgruppe ensures stability and strength, especially in a macroeconomic environment that is still volatile. Although the global economic recovery trend in 2010 seemed to confirm that the financial market crisis had been overcome, many uncertainties remain for the international financial and capital markets, including the national debt of some EU member states, the debate surrounding the stability of the euro and inflation control in Europe, to name but a few. All of these factors are exerting considerable pressure, particularly on the financial sector.

In an environment marked by such instability, a clear profile and convincing, future-oriented strategy are much in demand. Our business model combines these two aspects, focusing on the requirements of the savings banks and their customers. They are the pivot of our activities, both those aimed at the retail market and those that target institutional investors. This sharply defined orientation ensures reliability and creates a strong basis for trust. Our partners in the Sparkassen-Finanzgruppe know from their day-to-day operations just how important this level of trust is, especially in the securities business. Long-term satisfactory customer



relationships are only feasible if customers have confidence in the expert advice, excellent product quality and professional, service-based support.

The savings banks have just become the majority shareholders in DekaBank. With "100 % savings bank" on the agenda, DekaBank faces an historical turning point. We will now need to sharpen our profile and align our range of products, sales support and market positioning even more closely with the savings banks. At the same time, this also provides the opportunity to focus on positioning ourselves at the top in the securities business to become the market leader, something the savings banks have already achieved in retail banking.

We intend to develop this potential together with the savings banks. Using the "dual lever" as sole shareholder and exclusive sales partner, the savings banks will benefit from greater participation in their sales success in the future.

We interpret the change in the shareholder structure as a clear sign of trust – it consolidates the basis for the shared future success of the savings banks and DekaBank.

Sincerely,



Oliver Behrens
Chairman of the
Administrative Board



Rainer Mach
Managing Director
Member of the
Administrative Board

Management report 2010

At a glance

DekaBank Deutsche Girozentrale Luxembourg S.A. can look back on a successful financial year in 2010, in which it achieved another very good result. Key factors which contributed to our success and growth once again included net income from equity investments, net commission income and net interest income. Overall, net income before tax totalled €257.5m. The total distribution to the parent company from the financial year under review amounted to €242.9m.

Tailored to the requirements of the savings banks and their customers, DekaBank's business model once again proved its stability under the changed market conditions in 2010. New strategic aspects were introduced as part of the proven business model, in respect of both retail business and institutional customers. We benefited from our excellent cooperation with the savings banks, our exclusive sales partners, as well as the expertise in the credit and capital market business.

Subsidiaries and business divisions

The business strategy of DekaBank Deutsche Girozentrale Luxembourg S.A. follows the philosophy of the parent company: under a company-wide, value-driven management system its activities are anchored in the three business divisions Asset Management Capital Markets (AMK), Corporates & Markets (C&M) and Asset Management Property (AMI). The business divisions are supported by nine Corporate Centres for cross-divisional services. The subsidiaries of DekaBank Deutsche Girozentrale Luxembourg S.A. are allocated to a specific business division in line with their business activities.

Our product range is geared to the relevant needs and investment strategies of private clients, industrial clients and institutional clients. The AMK division accounts for the major portion of our business activity. Our business strategy is diversified through our involvement in the C&M and AMI business divisions.

Through products in fund-based asset management, the Luxembourg-based business units which are assigned to the AMK business division offer comprehensive investment opportunities, especially for private investors. With their different investment strategies, our various asset management models enable investors to implement a strategy, that is tailored to their individual investment objective, across all asset classes.

In Private Banking, we offer traditional investment options to our affluent customers. In addition to the existing focal points in the fund asset management and investment fund business, we are continually adapting to the growing challenges in this segment and will be integrating innovative product solutions into our range of products and services.

Customer proximity is an important basis for the success of our products, and we facilitate this essential aspect with a sales support and customer advisory unit within the Bank.

The two capital investment companies which are assigned to the AMK business division, Deka International S.A. and International Fund Management S.A., manage investment funds that are governed by the laws of the Grand Duchy of Luxembourg. While Deka International S.A. particularly manages funds offered by savings banks and Landesbanken in Germany, International Fund Management S.A. concentrates its activities primarily on setting up and managing "institution funds of funds" for major savings banks or equity funds, bond funds and funds of funds for fund-linked asset management.

The Luxembourg-based units assigned to the C&M business division on one hand are service provider for the Asset Management divisions and on the other, they successfully carry out the lending, trading and sales activities of the Capital Markets division as well as refinancing activities.

Loan commitments of DekaBank Deutsche Girozentrale Luxembourg S.A. in 2010 mainly related to the Utility & Project Finance and Transport & Export Finance segments. Trading activities predominantly focused on the interbank market, spot exchange deals and currency forwards as well as interest rate swaps. External business partners of the two units include global banks, the public sector and private large-scale enterprises. A key business partner is the parent company in Frankfurt/Main, Germany.

Deka Immobilien Luxembourg S.A. pools the DekaBank Group's property expertise in Luxembourg. The strategic business alignment of this company, which is assigned to the AMI business division, focuses on launching and managing entities for joint investments within the framework of the laws of 20 December 2002 and 13 February 2007. In addition to the SICAVs launched in the previous year, Deka Loan Investors Luxembourg I SICAV-FIS and Deka Loan Investors Luxembourg II SICAV-FIS as well as Deka Multi Asset Investors Luxembourg SICAV-FIS, the two sector funds, Private Banking and Institutionals, had been

launched under the Deka-Immobilien PremiumPlus umbrella fund as at the end of the financial year.

Sustainable business policy

DekaBank Deutsche Girozentrale, Frankfurt/Main (hereinafter referred to as DekaBank) has adopted a sustainability strategy to reconcile the economic, environmental and social aspects of our business. The strategy is based on DekaBank's mission 2012, which reflects the Bank's commitment to a sustainable business policy. We intend to provide a forward-looking response to global and social challenges while at the same time exploiting economic opportunities in the interests of our shareholders – with a long-term, risk-oriented and responsible approach.

Our sustainability-related activities extend across four pillars: environmental management / sustainable banking, sustainable HR management, sustainable banking products and social responsibility. In the year under review, we aligned our business even more closely to the criteria defined in the sustainability strategy. Transparent and open communication of results and progress is one of the main criteria of our sustainability strategy. DekaBank is therefore publishing a sustainability report for the second time in accordance with the standards of the Global Reporting Initiative (GRI) as part of the Group Annual Report.

Social responsibility

In line with the social policy objectives of the Sparkassen-Finanzgruppe, wide-ranging social commitment is a matter of course at DekaBank. Our focus is on promoting contemporary art and architecture as well as science, social projects and sports. As part of our social commitment and involvement, we work in close cooperation with renowned art and cultural organisations. Continuity and sustainability are key criteria for us in this regard. We invest in long-term partnerships in our own name and also support our employees' personal commitment and together with them we support regional projects.

Our employees' willingness to participate allowed us to make their time available to a non-profit organisation based in the region. As part of a regional activity day, the Deka Team gave the exterior area of a family centre a makeover and transformed it into an attractive, landscaped garden in a day.

A part of DekaBank's 21st century art collection is on display in the offices of DekaBank Deutsche Girozentrale Luxembourg S.A. Alongside works by established artists, such as Candida Höfer and Tobias Rehberger, the collection

includes many works by young, promising painters. To ensure that the art is not only accessible to employees and customers, the Bank regularly opens its office premises to the public. It has supported the Private Art Kirchberg initiative from its inception and presented its own art collection for the fourth time in 2010. The exhibition attracted widespread interest and more than 700 visitors.

Business development and profit performance of DekaBank Deutsche Girozentrale Luxembourg S.A.

Economic environment

Overall economic trends

The recovery in the global economy, which had started in mid 2009, continued in 2010. By the start of the second half of the year, production had already returned to pre-financial market crisis level. Supported by robust company profits, considerably better economic data from the United States and pleasing financial results in Europe and the emerging markets, gross domestic product (GDP) in the key national economies initially rose faster than expected.

However, the strong growth recorded in the first half of the year slowed significantly in the remaining six months of the year. For a time, there were concerns that the economy would slide back into recession. In addition, difficulties in the US labour and property markets persisted. Nevertheless, fears of a double dip recession soon proved to be unfounded.

In the USA, expansionary monetary and financial policy resulted in dynamic growth in investments in the corporate sector. Consumer spending by private households also increased. However, given that the labour market situation remained difficult and employment figures unexpectedly rose only conditionally, consumption remained at a low level. The US property market was also marked by further problems. Overall, with a 2.9% rise in the GDP, the economic upturn in the United States was more dynamic than in the eurozone, yet failed to meet expectations. The wait for a self-sustaining upturn therefore continues.

Conversely, the emerging markets recorded above-average growth. In most industrialised countries, production capacity was underutilised and the unemployment rates therefore remained high. At the same time, the emerging markets benefited from a stable economic environment, low market interest rates and a low inflation rate. During the year under

review, the Asian national economies, in particular, continued the strong growth trend of previous years, whereas Brazil and Russia experienced a moderate cooling off. At 10.3 %, China recorded the greatest growth – partly as a result of substantial investment activity. India primarily profited from strong domestic demand. Demand for goods on the part of the emerging markets also had a perceptible impact on the industrialised countries, significantly boosting GDP in the highly export-oriented industrialised economies of Germany and Japan. Japan, whose economic growth increased by 4.3 % during the reporting year, was nevertheless affected by a currency that was too strong. Here, growth – at least in the third quarter of 2010 – was based in part on the government's economic programme.

In total, global GDP rose by 4.9 % during the reporting period. Within the eurozone, Germany emerged as the economic engine with an increase in GDP of 3.6 %. Thanks to its focus on exports, the German economy benefited more than average from the global recovery in the year under review. For the first time in years, the contribution to economic growth from the rise in exports was accompanied by significant momentum from domestic economic activity. Although there was a lack of government incentives for consumers with regard to private consumption, it rose sharply on the previous year's level. The fact that the unemployment rate started to drop again for the first time as well as prospects of higher wage and salary increases and the lower inflation rate all had a positive impact.

Growth in the German economy was about double that of the national economies in the rest of the eurozone, where the economic recovery was muted in the second half of the year due to the national debt crisis in the peripheral eurozone countries. In the reporting year, the single currency market faced growing tension regarding the financing terms in the capital markets for some of its member states. The European Stability Mechanism resolved at the extraordinary EU summit in May 2010 provides a rescue package totalling up to €750bn, which can be used to prevent eurozone countries from defaulting and which stipulates more stringent monitoring of the Stability and Growth Pact. In addition, the European Central Bank (ECB) intervened in the government bond markets to maintain liquidity. However, these decisions have also changed the nature of the European Monetary Union. It has been acknowledged for the first time that in addition to the cohesion aid by the EU, individual regions within the monetary union may require assistance from other regions. This aid is provided in the form of loans, which are repayable with interest and linked to economic policy conditions. Consequently, the EU Commis-

sion and International Monetary Fund have imposed stringent austerity measures on Greece and Ireland.

The national debt crisis ultimately resulted in a split between the member states. On one side, there are the PIIGS countries (Portugal, Ireland, Italy, Greece and Spain), which are curbing their growth potential and wage and salary increases for years to come with a strict savings policy aimed at restructuring the public sector. On the other side, countries such as Germany, Austria, Finland and the Netherlands are benefiting from the very low interest rate level in the eurozone, rising wages and salaries, investments and a stable labour market. However, the other eurozone countries and the UK have also started to consolidate their budgets, in order to secure long-term access to international capital. These savings measures put considerable pressure on the economy in some cases. Yet, a double dip recession is not to be feared in either the eurozone or the world as a whole.

In view of the unexpectedly severe national debt crisis and the economic pressure it triggered, the financial markets – especially in the eurozone – were dominated by the question of whether monetary and financial policy will truly consistently and quickly reduce liquidity and national deficits, so that the national economies will not depend on economic policy stimulus in the future. In our opinion, it will still take some time before the distortions in the financial sector and their impact have been completely eliminated.

The problems in the financial markets and with regard to public finances keep flaring up. Many countries also face extensive structural changes and a consolidation of national finances. It is likely that the European stability mechanisms will be tested again, with the debt crisis remaining the greatest risk to Europe. However, we do not doubt that policy will ultimately take hold in the markets and that the euro will survive. Although it is no longer inconceivable that recommendations will be made for certain countries to leave the monetary union and others to be excluded, it remains highly unlikely.

Trends in capital markets

Over the course of the year, the capital markets benefited overall from the recovery in the global economy. During the reporting period, the quarterly figures reported by companies were more positive again. Banks also succeeded in improving their earnings, despite being affected by write-offs in traditional lending business. However, even though the annual reports published by companies provided a positive surprise for investors in the USA and Eu-

rope, therefore generating fundamental buy signals, most investors held back on opportunity-oriented investments for a long time. Concerns about the sustainability of the upturn and the stability of the financial system never eased completely, given the national debt crisis and the turmoil surrounding the euro. Accordingly, the stock markets fluctuated between pessimism and confidence for a long time. In the second half of the year, the upward trend finally prevailed. Particularly over the last few months of 2010, equity markets benefited from the good mix of high liquidity levels resulting from the expansionary monetary policy of the central banks, rising company profits and continued economic growth. The DAX, the German benchmark index, which started 2010 on a weak note, rose sharply and closed with 6,914 points at the end after climbing 16.1 % on the 2009 year-end level.

Although conditions were generally positive for the equity markets, they proved rather more difficult for the bond markets. In the first six months of the year, the national debt crisis resulted in credit spreads widening in some eurozone countries. When the credit ratings of Greece, Portugal and Ireland, in particular, were downgraded, the possibility of investors losing all confidence in it, necessitating far-reaching resolutions on monetary and financial policy. The situation eased temporarily as a result of the Stability Growth Pact agreed on in May as well as the acquisition of government bonds from highly indebted eurozone countries by the ECB. However, investors were largely sceptical again in the second half of the year with regard to future developments in the eurozone. The consequence was a further widening of spreads on government and bank bonds. November and December 2010 especially saw widening of spreads, in some cases dramatic, on bonds from Greece, Ireland, Portugal and Spain as well as Italy and Belgium. Corporate and bank bonds subsequently also came under substantial selling pressure. Financials in particular were affected by the greater aversion to risk. Banks therefore increasingly used covered bonds to meet their funding requirement, as they could be easily placed with investors on the strength of their added security. This boosted new issuance activity, with industrial companies and financial institutions rushing to the market for new issues to benefit from the low interest rate level. The wave of issues in covered bonds continued uninterrupted.

German government bonds and US Treasuries remained in demand as a safe haven and yields repeatedly went from one record low to the next, especially at the short end of the yield curve. German Bunds had already reached a low with respect to yields in the summer, while US Treasuries

turned upwards in the autumn after the Federal Reserve (Fed) launched an additional government bond buying programme.

With the debt crisis escalating in the eurozone, the single currency was dragged into an accelerating downward spiral. The nosedive of the euro only halted after the major rescue package of the EU Commission was in place and showing signs of success; that was when the currency's cautious recovery started. However, the euro's upward revaluation against the US dollar stopped in October after Quantitative Easing II was implemented in the USA. On the one hand, this was seen as a "dollar-friendly" impetus for the US economy, but on the other side, the markets quickly looked for a new "euro-critical" topic and the renewed European national debt crisis shifted into focus.

In the past year, the money market in the eurozone reflected the policy of the European Central Bank, which made liquidity available on a large scale. The savings bank sector's requirement for additional short-term funds was therefore limited. At the same time, demand for long-term credit spreads for these countries rose sharply. In the future, the refinancing requirement will increase significantly, not least as a result of the new liquidity and funding requirements under Basel III.

Although commodity prices rose during the reporting year, they largely remained within the scope of what can be explained as part of the dynamic growth in global economic activity. Pre-crisis levels have yet to be achieved again in some cases. There were double-digit increases in the price of some precious metals, industrial metals and soft commodities. Gold was in great demand as a safe haven currency, the result being that the price of this precious metal has approximately doubled since the beginning of the crisis in the summer of 2007, both in US dollars and in euros, and has repeatedly reached all-time highs. The demand for silver and palladium increased as cheaper alternatives to gold and platinum. The soft commodities markets continued to be affected by production losses, which meant that prices rose there as well. The oil price also climbed in the reporting year – partly because the willingness to take risks slowly returned in the commodities markets. At the same time, the upswing of the global economy resulted in greater demand for oil worldwide.

Development in the AMK business Division

For affluent customers – retail customers who have significant income or assets, but are below the traditional private banking segment – AMK developed the Deka-Vermögen-

skonzept in financial year 2010 in close cooperation with Savings Banks Sales.

Portfolio management and launching the underlying funds related to the product are the responsibility of DekaBank Deutsche Girozentrale Luxembourg S.A. and/or Deka International S.A. as the issuing capital investment company. The product launched in the first quarter of 2011 makes professional, tailored asset management investments available to a broad base of customers. In addition, it supports the savings banks advisers in gearing their customers' investments towards individually changing targets, life stage planning and risk affinity.

With regard to the fund-linked asset management products which are positioned in the market, the Bank succeeded in containing funds outflows, which in some cases were substantial in the previous year. The custodial account volume amounted to approximately €10.5bn at year-end (previous year: €11bn).

To support the savings banks with a professional and high-quality advisory and management process in the future, DekaBank has developed system-generated advisory tips in cooperation with the German Savings Banks and Giro Association; the Bank's sales partners have been able to access the tips since the beginning of 2011.

In Private Banking, developments primarily comprised activities connected to the integration of the private customer business acquired from LBBW Luxemburg S.A. as at 1 January 2011 and the acquisition of West LB International S.A., particularly in the second half of the year.

In the 2010 reporting year, Deka International S.A. expanded its range of products to include 29 more funds and managed 198 investment funds with a total volume of approximately €64bn at year-end (previous year: €70bn). The new funds that were launched mainly encompass capital protected funds and special funds for the DekaBank Group's investments for its own account. In addition, a total of 20 special funds of International Fund Management S.A. were transferred to Deka International S.A. within the scope of relaunching "Swiss Asset Management" under Private Banking Asset Management.

As at year-end, International Fund Management S.A. managed 155 funds with a total volume of around €14bn (previous year: €15bn).

Development in the C&M business division

As a result of the consequences of the crisis on the financial markets, the C&M business division also adopted a security-oriented business division strategy in 2010. In line with this strategy, no new loan commitments were assumed in Luxembourg and no new securities portfolios were set up. Some of the securities which matured in 2010 were replaced with securities eligible for tender. The focus of activities shifted further in the direction of services for the AMK business division, particularly for the Deka International S.A. and International Fund Management S.A. investment fund companies as well as fund-linked asset management.

Amounts due from banks rose by €0.6bn. The "bonds" item decreased by €0.1bn as a result of maturities, with only some of the bonds replaced with new business. In 2010, DekaBank Deutsche Girozentrale Luxembourg S.A. acquired fund units in the A-DKBANK LUX1 fund totalling €200m. Amounts due from customers were down by around €0.2bn as loans matured in the lending business. Total assets and the business volume, including loan commitments and contingent liabilities, rose by €0.4bn to €8.1bn. Customer and fund deposits, which decreased by €1.5bn, were more than compensated by the increase in bank deposits of €2.0bn.

The totals due from banks and customers accounted for 83 % of total assets and bonds for 7 %. Around 97 % of our lending volume was attributable to business partners within the European Union, with 1 % attributable to counterparties in other industrialised nations and 2 % to borrowers in reform and developing countries. On the liabilities side of the balance sheet, customer deposits accounted for 65 % and these essentially comprised deposits by fund companies and large private German companies of which 27 % through bank deposits.

As at the end of the year, the company had interest rate swaps with a contract volume of around €0.9bn and spot and forward transactions with a contract volume of €0,5bn. The total volume was allocated to the banking book.

The contract partners in the interest and currency futures contracts were banks within the OECD at 97 % and funds at 3 %. As at the year-end, there were no other financial derivatives on the books.

In 2010, the Luxembourg-based units of the C&M business division once again duly fulfilled their role as service provider for Asset Management.

Positioning of the AMI business division in Luxembourg

In 2007, Deka Immobilien Luxembourg S.A. was established as a subsidiary. The AMI business division has therefore launched its business activities in Luxembourg and since then offers two product families.

The company manages Deka-Immobilien Premium Plus (DIPP), a real estate private equity funds of fund product. The investment aim of DIPP comprises the investment of its assets in Deka-Immobilien Private Equity sub-funds or bearer bonds that reflect these sub-funds. The investment aim of the Deka-Immobilien Private Equity fund in turn comprises the investment of its assets in real estate private equity target funds.

The company also manages funds in the Deka Loan Investments (DeLI) product family. The investment objective of the DeLI funds is the investment of their fund assets in non-securitised loan claims from the property and infrastructure sectors. To this end, investments are made in sub-pools of assets of an investment plc which directly hold the non-securitised loan claims.

Equity

The subscribed capital amounts to €50m and the share premium account stands at €4m. At €5m, the statutory reserves are fully endowed. Other reserves stand at €97m and the fund for general banking risks at €57m. The provisioning reserves (Section 62 of the law regulating the accounting of banks and Section 340f of the German Commercial Code (HGB)), which are not shown on the liabilities side of the balance sheet, but instead on the assets side, remained unchanged compared to 2009.

The appropriateness of the level of equity in 2010 was determined in line with the CSSF circular 2006/273.

The regulatory capital and reserves of DekaBank Deutsche Girozentrale Luxembourg S.A. as an individual institution as at 31 December 2010:

| | Core capital | Supplementary |
|---|---------------------|----------------------|
| | in €'000 | Capital |
| | | in €'000 |
| Subscribed capital | 50,000 | |
| Reserves | 472,598 | |
| Revaluation reserve | -1,722 | 10,931 |
| Deduction items: | | |
| Intangible assets | -643 | |
| Equity investments | -2,196 | -2,196 |
| Other | -22,100 | |
| Allocation | 495,937 | 8,735 |
| Total eligible as capital and reserves | 504,672 | |

The banking regulatory Solvency Regulation was complied with at all times.

| | Capital and |
|---|--------------------|
| | reserves |
| | requirement |
| | in €'000 |
| Capital and reserves requirement for credit risk | 217,212 |
| of which per receivables class | |
| Central authorities and central banks | 0 |
| Institutions | 92,783 |
| Companies | 76,901 |
| Retail receivables | 14 |
| Past due assets | 446 |
| Covered bonds | 4,004 |
| Shares in undertakings for collective investments | 41,362 |
| Other receivables | 1,702 |
| Capital and reserves requirement for position risk and currency risk | 3,067 |
| Position risk from receivables in the trading book | 35 |
| Currency risk | 3,032 |
| Capital and reserves requirement for operational risk | 10,798 |
| Total capital and reserves requirement | 231,077 |
| Solvency ratio / total ratio | 17.47 |

Profit performance

The DekaBank Group's business model once again proved its worth in 2010. DekaBank Deutsche Girozentrale Luxembourg S.A. achieved net income before tax of €257.5m (previous year: €270.1m) in financial year 2010.

Income is made up of net interest income (€29.8m, previous year: €94.7m), net commission income (€90.0m, previous year: €97.0m) and net income from equity investments (€189.3m, previous year: €157.1m).

The decrease in net interest income was predominantly driven by the stabilisation of interest rate curves and the downward trend in securities and loan portfolios. The activities of the investment companies in the AMK business division generated sound profit contributions even in the extremely difficult market environment.

The result from financial transactions was €13.6m. compared with €13.5m in 2009 and met almost the previous year's value. The financial result breaks down into a result of approx. €11.1m from securities transactions, earnings of €2.5m from currency transactions.

General administrative expenditures, including depreciations, amounted to €53.3m and was approx. €6.6m above the previous year's expenditure.

The other operating result contained expenditures amounting to €23.8m and income of approx. €15.5m. The income is significantly influenced by the transaction-related cost-settlement system of the DekaBank Group (€11.8m). The expenditures consist to a large extent of Group charges resulting from services (€17.4m).

Write-downs of and valuation allowances for securities which represent financial investments, equity investments and shares in affiliated companies of €4.0m resulted from the transfer of a valuation allowance for shares in affiliated companies.

Allocations to the reserves for contingent liabilities and credit risks amounting to €0.4m resulted mainly from the allocation of global value adjustments in accordance with the instruction of the tax director of the Luxembourg Tax Administration dated December 16, 1997.

Overall, DekaBank Deutsche Girozentrale Luxembourg S.A. achieved net income before tax of €257.5m. The Bank therefore proved itself to be very sound and maintained a solid basis again in 2010. The profit of €242.9m is intended for distribution to DekaBank Deutsche Girozentrale Frankfurt.

Risk report

DekaBank Deutsche Girozentrale Luxembourg S.A. is included in the risk policy and strategy of the DekaBank Group. Risks in our Group are not viewed in isolation but as an integral part of overall Group management.

The overarching aim of the Group is value-oriented growth, in order to achieve an appropriate risk/return ratio and an attractive return on equity on a sustained basis.

The risk management system in place at DekaBank Deutsche Girozentrale Luxembourg S.A. has been designed in line with the strategic policy of the Bank and enables all controlled risks to be monitored in a timely manner, taking account of the scope, focus, complexity and risk content of the transactions it conducts. The Bank's risk position is presented with a breakdown into market price risk, default risk, liquidity risk and operational risk as well as on the basis of its risk-bearing capacity.

Risk management organisation

The risk management functions of the Bank are carried out by the Administrative Board, the management and the Corporates & Markets business division. Under the framework conditions prescribed Group-wide by the Board of Management of the parent company, the management is responsible for managing market risk, default risk, liquidity risk and operational risk as well as the risk-bearing capacity of the Bank.

Risk Control Luxembourg quantifies and monitors the risk management ratios as well as the limits approved by the Board of Management of the parent company and the management. It also verifies that own trading transactions are carried out at market terms and conditions and reports the calculated risk ratios to Markets Luxembourg, the management and, via head office Risk Control, the Board of Management of the parent company. Risk Control Luxembourg is separate from the business origination units both in terms of structure and workflows.

To monitor the risks, the Bank uses both standardised regulatory methods as well as risk monitoring methods that have been developed in-house.

As a unit independent of other processes, Internal Audit assesses whether the risk management system is efficient and appropriate as well as compliance with both internal and external regulations.

Approaches within the regulatory systems

Our Bank is a trading book institution within the meaning of the supervisory regulations.

At the Bank's request, the CSSF approved the full exemption of risks vis-à-vis Group units (within the DekaBank Group) as part of the assessment and calculation of major risks in accordance with Section XVI Point 24 of the amended circular CSSF 06/273.

Under the solvency regulations pursuant to the CSSF circular 06/273, credit risks are determined by weighting assets and off-balance sheet transactions using standard risk weighting factors, whereby derivatives are included in the calculation with the risk level already incurred and the remaining potential increase in risk. The Bank has selected the standard method to determine currency risk and the maturity method to determine interest rate risk. Almost all of the capital and reserves used to cover the calculated potential risk served as provisioning for general credit risks. During the period under review, the solvency ratio was always comfortably above the statutory minimum limit.

The Bank complied with the minimum liquidity ratio under Luxembourg regulations at all times.

Internal risk management systems

Managing market price risks

As part of the internal management systems, Risk Control Luxembourg uses computerised daily evaluations which monitor the specific risks of the traded products using scenario analyses and the value-at-risk approach. In addition to limiting risk positions, stop-loss limits are set up to effectively restrict the loss. The basis for calculating the utilisation of these limits is the commercially generated net income. The Bank carries out additional stress tests to assess the risks of extreme potential market developments.

The management of interest rate, currency and share price risks is primarily based on the value-at-risk. A sensitivity-based Monte Carlo simulation, which guarantees adequate integrated mapping of all market price risks, is used to determine the value-at-risk. Depending on the anticipated reaction timeframe in the trading or Treasury strategy, the value-at-risk is determined for a holding period of one trading day.

The confidence or safety level amounts to 95 % and 99 % respectively. Backtesting is regularly carried out to test the validity of the forecast. Based on the parameters for inter-

nal risk calculations, value-at-risk ratios for 2009 and 2010 are as follows:

| Value-at-Risk €m | Holding period Confidence level | 2010 | 2009 |
|---------------------------|--|-------------|-------------|
| Interest rate risk | 1 day, 95 % | 0.19 | 0.32 |
| Trading/Treasury | | | |
| Currency risk | 1 day, 95 % | 0.02 | 0.01 |
| Trading /Treasury | | | |
| Share price risk | 1 day, 95 % | 0.09 | 0.03 |
| Special funds mandates | | | |
| Total risk | 1 day, 95 % | 0.22 | 0.40 |

Parallel to this, the interest rate risk is monitored using a scenario analysis to simulate an up and down of a hypothetical parallel shift in the current currency-specific yield curves and analyse the impact of this change on the present value of interest-bearing transactions. The currency risk is determined by the shift of a particular exchange rate against the euro. Share price risks are calculated using the market value of the shares, held if applicable in the Bank's special funds, and the applied loss scenario.

These risk ratios and limit utilisation figures are condensed into charts and in tables and made available to Markets Luxembourg, the management and group risk control unit on a daily basis.

Managing default risks

Default risks are managed and monitored both in terms of individual transactions at borrower level as well as at portfolio level. Borrower and borrower unit limits have been set up to manage and monitor risks at borrower level. Portfolio management and monitoring is carried out by breaking the counterparty portfolio down into risk segments. Financings with similar financing and risk structures or special features in a specific market or sector are grouped together in a risk segment. A differentiated rating system is available for assessing creditworthiness and covers classic default risks and also supplies crystal clear creditworthiness indicators in the field of special finance and project finance. The rating modules are based on the traditional scorecard models as well as on simulated macro and micro-scenarios for the relevant risk drivers. All the rating modules used are calibrated to one year probabilities of default and provide for 21 rating classes for non-defaulting borrowers and three rating classes for defaulting borrowers.

For expedient process-related and cost optimisation purposes, the Bank makes use here of the credit rating assessment procedures, industry analyses, rating ratios and the credit risk management of the DekaBank Group.

As at 31 December 2010, 83 % of our net loan volume (lending volume in accordance with Section 19 (1) of the German Banking Act (KWG) after risk-adjustment items) was attributable to the Financial Institutions segment, 8 % from the Funds segment and 6 % from the International Public Sector Finance segment.

The two segments make up 97 % of our net loan volume. In total, 80 % of the net loan volume had an AAA rating and 12 % a rating ranging from AA+ to A-. Together, the two rating classes represent 92 % of the net loan volume.

Limiting operational risks

To limit operational risks resulting from the non-availability of technology, infrastructure and/or buildings, an emergency plan has been developed which includes an emergency manual for business continuity planning. An emergency response organisation has been set up to ensure appropriate action in the event of an emergency. Under the specially developed escalation procedure, appropriate organisational measures are taken to counter the respective failures or losses. Failures are analysed by an emergency response team and reported to crisis management for a final decision. In the event of verified failure or loss, the situation is processed by an operational recovery team in accordance with the business continuity plan. To guard against premises failure, the Bank has opted to have its own backup location.

There is also a Group-wide framework regulation covering the identification, monitoring and management of operational risks. The methods used are decentralised self assessment, Group-wide loss documentation, scenario analyses and OR quantification. As part of the procedure, possible loss scenarios per business division and function area are regularly recorded and evaluated on a process-oriented basis in a Group-wide database and broken down into five frequency and loss classes. The managers of the respective Group units are responsible for operational risk management. The risk unit at our parent company has overall responsibility for the methods and procedures used Group-wide, as well as for the regular reporting to the Board of Management. Quarterly risk reports are provided to the management of DekaBank Deutsche Girozentrale Luxembourg S.A. by the risk control unit Luxembourg for management purposes.

Managing liquidity risk

The liquidity risk of the Bank is managed and monitored as an independent risk type. For management purposes, the Bank uses a liquidity forecast and funding matrices. The liquidity forecast is based on a 5-day liquidity forecast, which is reported separately by currency and updated online. It is used to manage liquidity on a daily basis and is prepared by the Luxembourg-based units within the C&M business division.

Within the Risk Controlling subunit the liquidity position is analysed and monitored. Attention focuses on the presentation – in relation to the reporting date and on a crossportfolio basis – of expected future inflows and outflows of funds, on the basis of which the liquidity requirement or surplus („liquidity gap“) is determined per maturity range. In addition, cumulative liquidity gaps are also shown. Different liquidity balance sheets are drawn up on the basis of differentiated scenarios. These scenarios take into account assumptions for the presentation of liquidity flows from transactions having an unspecified holding period. A further feature of the liquidity balance sheets is the granularity of the maturity classes. In addition to the corresponding liquidity gaps per maturity range, freely available financing resources such as, for example, realizable assets in the form of securities, credit balances held with central banks and other funding sources are determined on an aggregate basis as part of so-called „liquidity potentials“ or liquidity reserves. The liquidity reserve of DekaBank Deutsche Girozentrale Luxembourg S.A. brings together the Bank's positions with the highest degree of liquidity. They are thus the positions that can be used to cover short-term liabilities even in the event of severely restricted liquidity procurement.

In addition to regular, day-to-day operations, solvency also has to be ensured in the event of unexpected occurrences. For this purpose use is made of the „liquidity potential“ – scenarios which show the extent to which short-term liquidity can be raised depending on the basic scenario.

The stress scenarios, in which the Bank's position is shown in extraordinary situations, are intended to be an indicator for phases with particularly high-stress factors.

In addition to the liquidity balance sheet in the normal scenario, the liquidity situation is simulated based on the assumption of the scenarios of a funds crisis, a general banking crisis and the occurrence of a disaster. In order to judge the appropriateness of the liquidity reserve in stress and crisis situations, the respective stressed liquidity balance

sheets and the corresponding liquidity potentials are compared with one another.

The Luxembourg units of DekaBank are fully integrated into the Group's liquidity risk management. To implement a uniform procedure throughout the Group for managing liquidity risks, the liquidity risk strategy, the liquidity disaster recovery concept and notification that the early warning liquidity limit has been exceeded are approved and put into effect by the Administrative Board and the management of DekaBank Deutsche Girozentrale Luxembourg S.A.

Compliance

To protect the institution from losses which could arise from non-compliance with prevailing regulations, the Bank set up a Compliance unit in financial year 2004 and implemented the requirements of CSSF circular 04/155 as of 1 January 2006. The specialist Compliance unit carries out advisory, organisational and controlling functions and supports the management of the Bank in the management of compliance risk. All employees are informed about Compliance rules and any associated amendments. The Compliance office is tasked with monitoring compliance with statutory and regulatory requirements and focuses in particular on combating money laundering and the financing of terrorism, data protection, safeguarding the interests of investors and countering conflicts of interest in the securities business as well as compliance with the statutory Luxembourg MiFID requirements as part of the risk management function according to CSSF circular 07/307. In addition to the existing regulations under the Group-wide Code of Ethics and whistleblower system, a Gift directive was introduced throughout the Group in 2008 to combat white collar crime. This directive ensures transparent and secure regulations regarding the receiving and giving of gifts.

Forecast Report

Forward-looking statements

We plan our future business development on the basis of assumptions that seem the most probable from today's standpoint. In spite of this, our plans and statements about future growth are fraught with uncertainties, more so than ever in the current market environment. The actual trends in the international capital, money and property markets, or in the DekaBank business divisions may diverge markedly from our assumptions. For the purpose of providing a balanced presentation of the major opportunities and risks,

these are broken down according to business division. In addition, the risk report included in the management report contains a summarised presentation of the risk position of DekaBank Deutsche Girozentrale Luxembourg S.A.

Anticipated external conditions

Expected macro-economic trends

Even three years after the financial market crisis started, its impact continues to affect the economy, and the path to expansion in terms of potential growth is proving longer and more arduous than after normal phases of economic weakness. However, a massive crisis of confidence among entrepreneurs and consumers is unlikely. According to our assessment, the upturn will continue over the next two years and the global economy is expected to grow by 4.2 % in both 2011 and 2012. Since production capacities are still not being fully utilised in 2011, especially in the western industrialised countries, it is unlikely that monetary policy will hinder the upturn. However, many countries, and not only in Europe, face considerable structural changes and a consolidation of national finances. For the European Union, the main question in the current year will be how to deal in the future with the mountain of debt that some member states have. Since the Stability and Growth Pact alone will not be sufficient, the planned insolvency procedure in 2011 represents the most important European reform project.

In our view, major developments in 2011 will include the continually widening gap within the global economy, which is splitting into two different camps. Many of the emerging markets and Asian countries, as well as Australia, Canada and some European countries including Germany, Finland and the Netherlands, will exploit the low interest rates environment, gradually increasing economic growth worldwide, and return to pre-crisis levels or possibly even exceed them. In countries with structural difficulties, however, growth rates will be considerably lower than prior to the financial market crisis. This second group includes peripheral eurozone countries, such as Greece and Portugal, which need to reduce their budget deficits to ensure future access to capital market finance. However, there is a risk that this might drag these countries back into recession.

Japan is currently experiencing a human tragedy of unimaginable proportions. In addition to the earthquake and the tsunami it triggered, there were also major incidents involving several nuclear reactors. Japan is set to slide back into recession, the extent of which will ultimately depend on whether and how quickly the country will get the nu-

clear disaster under control. The impact on the global economy is limited, given that Japan accounts for a rather modest share in world trade of approximately 4 %.

In 2011, we expect China to make the strongest contribution to growth of all the national economies, with 9.5 %. China is therefore set to account for a third of global economic growth. Although the upswing is underway in the USA, it is not yet self-sustaining. While large international companies are investing again and generating profits, the situation remains difficult for banks, in the property market and with regard to the budget, and growth is therefore forecast to remain at a comparatively low level. At least for the first three months of 2011, the economy will remain divided. For 2011 as a whole, we expect the GDP in the USA to grow by 3.3 %. We believe that the eurozone will see an intact upswing in 2011, although marked regional variations are to be expected. Economic growth will be more broadly based, with the processing and manufacturing industry joined by services providers in the current year. In addition, the revival in 2011 will be supported more strongly by private consumption than was already the case in 2010.

Germany, whose economy accelerated considerably in the reporting year, is again set to emerge as Europe's economic driving force in 2011. This is partly due to the country's significant strength in exports and partly to private consumption, which is now gathering pace. Here, we expect growth of 1.5 % during 2011. Nevertheless, the rate of economic growth is likely to decelerate slightly, so we therefore assume that Germany's GDP will increase by 2.5 % in 2011. From 2012 onwards, we believe that substantially stronger domestic demand will make an even greater positive impact on economic growth.

Unemployment is likely to decrease further in Germany in 2011, with fewer than three million people expected to be unemployed on average. The unemployment rate is estimated at 7.1 %, which would be the lowest rate to date since the German reunification. Both the short-term economic conditions and long-term demographic development also indicate that the era of high unemployment rates in Germany is likely to be a thing of the past for the time being.

Future economic developments will largely depend on whether the European debt crisis will again become more critical in 2011, as this could result in further problems in the financial markets and a crisis of confidence amongst investors. The consequences would be restricted lending

by financial institutions to the rest of the economy and the resultant lack of investment opportunities for companies. However, we expect the European debt crisis to be resolved at the political level in the course of the year. In our view, structural weaknesses in the political foundation of the euro need to be eliminated in order to contain debt in the eurozone more effectively in the future than is possible with a Stability and Growth Pact.

With generally underutilised production capacities and deflationary pressure in some regions within the European Monetary Union, inflation does not present a significant threat in Europe or the USA in the medium term. We expect the inflation rate in the eurozone to be 1.5 % in the current year. Consequently, the Fed and ECB will have enough time to gradually retreat from their quantitative monetary policy before the first interest rate hikes will become necessary. We assume that interest rate adjustments will not be made in 2011 and do not expect to see initial interest rate increases until mid 2012, first by the ECB and subsequently by the Fed.

Expected trends in the capital markets

In our opinion, the capital markets will remain jittery in 2011. The results of the comprehensive bank stress tests in Europe, published in July 2010, reassured investors and contributed to improving market conditions in the long term. However, sustained stabilisation of the financial markets will essentially depend on whether a solution to the debt crisis in the eurozone is found in the current year and whether the budget consolidation started in Europe will take hold. These are the prerequisites for restoring the market players' confidence in the capital markets. Initially, investors will therefore have to be prepared that capital markets will remain volatile.

Spreads on government bonds from the eurozone countries concerned narrowed again slightly at the end of the reporting year. However, it is to be expected that some capital market players will test the rescue package once more in the coming months. Since resolving the national debt crisis is likely to necessitate a high level of consolidation of debt in the eurozone, we expect that risk premiums will not only widen in the affected eurozone countries in 2011, but also in the core eurozone countries. This may also put pressure on yields in Germany. Conversely, emerging market spreads will decrease slightly again. We also expect a further decrease in risk premiums on corporate bonds.

The development of yields on US bonds and Treasuries still depends heavily on the investors' need for security. Initially,

the short end of the bond curve is set to benefit from the expectation that banks will continue to have a very high level of surplus liquidity, with a steep rise in the yield curve. Interest on bonds and Treasuries will therefore increase, particularly in the short term. By year-end, the economy and labour market should have stabilised to the extent that an end to the period of extremely low central bank rates should be up for discussion. We therefore anticipate yields on US Treasuries to rise again in the second half of the year, especially at the short end of the yield curve.

As long as the global economic upturn proceeds as expected in 2011, share prices will also increase further in the current year. However, greater fluctuations occurred during the reporting year and, in our opinion, this trend will continue in 2011. For 2011, we expect a stock market yield of around 5 %.

Expected business development and profit performance

Based on economic conditions, only relatively limited external impetus, if any, is to be expected for DekaBank's business development and profit performance. The ongoing growth and stability risks in the wake of the financial and economic crisis combined with continuing low interest rate and yield levels in the money and bond markets for the foreseeable future mean that from today's perspective, we cannot expect to repeat the strong result for 2010 in either of the next two years. With regard to net commission income, the extent to which we will benefit from a positive market trend remains to be seen.

As at 1 January 2011, DekaBank Deutsche Girozentrale Luxembourg S.A. acquired the private customer business of LBBW Luxembourg S.A., successfully winning the bidding process. With effect from 1 January 2011, we also took over WestLB International S.A. (called VM Bank International S.A. since 1 January 2011). By acquiring the company, DekaBank is ensuring that customers will continue to have access to the existing range of products and services. In addition, they will be able to continue to speak to the advisers they are already familiar with.

The takeover of these business activities will be reflected in an increase in administrative expenses in the coming financial year.

Nevertheless, our business model offers the opportunity to achieve a strong positive economic result again in 2011 as well as to contribute significant added value for our alliance partners. On the basis of our current medium-term plan-

ning, we expect higher profit contributions in financial years 2012 and 2013 as compared to 2011.

The AMK business division will strengthen its profile for the various customer groups and its market position in private banking business. Tailored to the requirements of affluent customers, the Deka-Vermögenskonzept is to be established as the key growth driver of fund-linked asset management.

The market launch of this individually configurable investment concept in the first quarter of 2011 was flanked by wide-ranging sales campaigns.

The level of risk in the business division will rise due to the additional business activities in Luxembourg. Risk related to future developments can occur in particular if the capital market trend is weaker than expected, as this may result in funds outflows and a downturn in yields across the sector. Opportunities arise, for example, from the sharpened profile vis-à-vis customers.

No other major developments and events of particular significance occurred after the 2010 balance sheet date.

Thanks to our employees

At year-end, the Bank employed 314 employees. Their personal commitment significantly contributed to the results achieved in 2010. The preparations for integrating the business activities taken over by the Landesbanken resulted in significant working load in some cases, particularly during the second half of the year. We would like to take this opportunity to thank our employees for this outstanding commitment, which has enabled us, together, to make the Bank fit for future challenges.

Luxembourg, March 2011
DekaBank Deutsche Girozentrale Luxembourg S.A.



Chairman of the
Administrative Board



Managing Director
Member of the
Administrative Board

Balance sheet as at 31.12.2010

Assets

| | EUR | 31.12.2010 EUR | 31.12.2009 TEUR |
|--|------------------|-------------------------|--------------------|
| 1.) Cash on hand, balances held with central banks and post office banks | | 103,876,645.58 | 35,174 |
| 2.) Due from banks | | | |
| a) Due on demand | 2,723,262,237.11 | | 2,048,603 |
| b) Other receivables | 3,033,068,392.83 | 5,756,330,629.94 | 3,205,536 |
| 3.) Due from customers | | 828,249,628.71 | 1,055,794 |
| 4.) Bonds and other fixed-interest securities | | | |
| a) From public sector issuers | 72,723,047.50 | | 23,732 |
| b) From other issuers | 500,446,235.60 | 573,169,283.10 | 660,019 |
| 5.) Shares and other non fixed-interest securities | | 485,619,866.47 | 292,228 |
| 6.) Participations | | 6,250.00 | 6 |
| 7.) Shares in affiliated companies | | 23,264,821.32 | 17,986 |
| 8.) Tangible assets | | 2,508,052.85 | 2,903 |
| 9.) Other assets | | 187,263,045.73 | 160,428 |
| 10.) Prepaid expenses | | 20,878,574.04 | 20,587 |
| Total assets | | 7,981,166,797.74 | 7,522,996 |

Luxembourg, 18 March 2011
DekaBank Deutsche Girozentrale Luxembourg S.A.



Oliver Behrens
Chairman of the
Administrative Board



Rainer Mach
Managing Director
Member of the Administrative Board

| Liabilities | | | |
|---|------------------|---------------------------|----------------------------|
| | EUR | 31.12.2010 EUR | 31.12.2009 TEUR |
| 1.) Due to banks | | | |
| a) Due on demand | 2,070,879,850.95 | | 37,615 |
| b) Other liabilities with agreed term or notice period | 91,263,739.52 | 2,162,143,590.47 | 152,380 |
| 2.) Due to customers | | | |
| a) Savings deposits | 0.00 | | |
| b) Other liabilities | | | |
| ba) Due on demand | 3,033,767,246.98 | | 3,915,101 |
| bb) Other liabilities with agreed term or notice period | 2,170,238,084.41 | 5,204,005,331.39 | 2,805,208 |
| 3.) Other liabilities | | 17,658,928.02 | 28,343 |
| 4.) Prepaid income | | 11,078,647.18 | 21,306 |
| 5.) Provisions | | | |
| a) Provisions for pensions and similar commitments | 1,255,365.08 | | 1,743 |
| b) Provisions for taxes | 113,402,754.30 | | 110,609 |
| c) Other provisions | 15,541,453.89 | 130,199,573.27 | 11,851 |
| 6.) Fund for general banking risks | | 57,154,517.47 | 57,154 |
| 7.) Subscribed capital (or capital stock) | | 50,000,000.00 | 50,000 |
| 8.) Share premium account | | 3,700,544.37 | 3,701 |
| 9.) Reserves | | 102,374,665.57 | 102,375 |
| 10.) Profit/loss carried forward (+/-) | | 0.00 | 0 |
| 11.) Net income for the financial year (+/-) | | 242,851,000.00 | 225,610 |
| a) Net income for the financial year | | 242,851,000.00 | 225,610 |
| b) Advance dividend | | 0.00 | 0 |
| Total liabilities | | 7,981,166,797.74 | 7,522,996 |
| 1.) Contingent liabilities | | 0.00 | 0 |
| Liabilities under guarantees and liability relating to the provision of collateral | 0.00 | | 0 |
| 2.) Commitments | | 102,749,305.96 | 125,805 |
| unused credit commitments | 102,749,305.96 | | 125,805 |
| Payment obligations related to securities, equity investments and shares in affiliated companies | | 0.00 | 0 |
| 3.) Trust transactions | | 2,032,000,000.00 | 0 |

Income statement for the period from 1 January to 31 December 2010

Expenses

| | EUR | EUR | 2010 EUR | 2009 TEUR |
|---|----------------|---------------|-----------------------|----------------|
| 1.) Interest and similar expenses | | | 38,815,094.60 | 97,912 |
| 2.) Commission expenses | | | 13,059,895.42 | 10,736 |
| 3.) Profit or loss on financial transactions | | | 0.00 | 0 |
| 4.) General administrative expenses | | | | |
| a. Personnel expenses | | 24,300,830.56 | | 23,777 |
| – Wages and salaries | 20,563,494.44 | | | 20,254 |
| – Social security contributions | 3,397,916.82 | | | 3,456 |
| Expenses for retirement pensions | 999,984.95 | | | 1,079 |
| b. Other administrative expenses | | 27,302,619.76 | 51,603,450.32 | 21,307 |
| 5.) Depreciation, amortisation and valuation allowances on tangible and intangible assets | | | 1,661,597.68 | 1,617 |
| 6.) Other operating expenses | | | 23,771,263.70 | 21,352 |
| 7.) Write-downs and valuation allowances on receivables and allocations to provisions for contingent liabilities and credit risks | | | 0.00 | 38,418 |
| 8.) Write-downs of and valuation allowances for securities and shares in affiliated companies which represent financial investments, equity investments | | | 3,992,040.00 | 0 |
| 9.) Allocation to the fund for general banking risks | | | 0.00 | 0 |
| 10.) Tax on income from ordinary and from extraordinary business activities | | | 14,689,053.04 | 44,421 |
| 11.) Income from ordinary business activities after tax | | | 242,851,066.67 | 225,702 |
| 12.) Other tax where not included in above items | | | 66.67 | 92 |
| 13.) Net income for the financial year | | | 242,851,000.00 | 225,610 |
| Total expenses | | | 390,443,461.43 | 485,242 |
| Appropriation of profit | | | | |
| The following proposal for the appropriation of net profit will be submitted: | | | | |
| Net income for the financial year | 242,851,000.00 | | | |
| Distribution to parent company | 242,851,000.00 | | | |

Income

| | EUR | 2010 EUR | 2009 TEUR |
|---|----------------|-----------------------|----------------|
| 1.) Interest and similar income | | 68,644,999.73 | 192,636 |
| from fixed-interest securities | 8,999,906.96 | | 31,911 |
| 2.) Income from securities and affiliated companies | | 189,270,311.09 | 157,072 |
| a. Shares, units and other non fixed-interest securities | 2,208,603.05 | | 2,954 |
| b. Shares in affiliated companies | 187,061,708.04 | | 154,118 |
| 3.) Commission income | | 103,044,463.52 | 107,748 |
| 4.) Profit or loss on financial transactions | | 13,582,471.52 | 13,540 |
| 5.) Income from the reversal of valuation allowances on receivables and provisions for contingent liabilities and credit risks | | 400,000.00 | 0 |
| 6.) Other operating income | | 15,470,884.22 | 14,175 |
| 7.) Extraordinary income | | 30,331.35 | 71 |
| Total income | | 390,443,461.43 | 485,242 |

Luxembourg, 18 March 2011

DekaBank Deutsche Girozentrale Luxembourg S.A.



Oliver Behrens
Chairman of the
Administrative Board



Rainer Mach
Managing Director
Member of the Administrative Board

Notes to the annual financial statements 2010

General

DekaBank Deutsche Girozentrale Luxembourg S.A. was created on 1 January 2002 from the merger of Deutsche Girozentrale International S.A. with DekaBank (Luxemburg) S.A. Both companies had many years of experience in Luxembourg as a financial centre. While the activities of Deutsche Girozentrale International S.A., founded on 5 February 1971, focused on traditional wholesale banking, DekaBank (Luxemburg) S.A., established on 18 January 1991 under the name Deka Investment Services S.A., specialised in investment fund business. With the creation of the merged company under the new name, the two banks were able to successfully amalgamate their fields of business and customer bases.

In 2006, a cross-divisional management system was implemented in the DekaBank Group, through which the Group essentially positioned itself within the three divisions of Asset Management Capital Markets, Asset Management Property and Corporates & Markets.

The strategic business aims of DekaBank Deutsche Girozentrale Luxembourg S.A. are essentially anchored in the Asset Management Capital Markets division and for diversification purposes, the Corporates & Markets division. The Bank focuses on the following core functions:

- custody business specialising in fund-linked asset management
- sales-related advice as well as advisory services for private customers
- international lending business
- trading and selling in the capital markets as well as refinancing tasks.

In addition, the Bank carries out payment agent and custodian bank functions for its three subsidiaries, Deka International S.A., International Fund Management S.A. and Deka Immobilien Luxembourg S.A.

The Bank is a wholly-owned subsidiary of DekaBank Deutsche Girozentrale, Frankfurt/Main and its annual financial statements are included in the consolidated financial statements of the parent company.

In accordance with the provisions of Luxembourg law, the Bank has not drawn up its own consolidated financial statements under the provisions of the Commercial Code, as both the Bank and its subsidiaries are included in the consolidated financial statements of the parent company.

The financial year is the same as the calendar year and the Bank reports in euros.

Valuation policies

The annual financial statements are prepared in accordance with the Accounting Act dated 17 June 1992 regulating annual and consolidated financial statements pursuant to Luxembourg legislation. The accounting policies and valuation methods are determined at Group level.

General valuation policies

The following general principles apply to the valuation of the line items in the annual financial statements:

- it is assumed that the company will continue as a going concern
- the principle of consistency governs the application of the valuation methods
- the principle of prudence must be complied with in all cases and in particular
 - only those gains realised as at the reporting date may be reported,
 - all foreseeable risks and presumable losses that have arisen during the financial year or in previous financial years must be taken into account, even if these risks or losses first become known in the period between the reporting date and the date the financial statements are prepared
 - impairments are to be taken into account regardless of whether the financial year closes with a profit or a loss
- income and expenses in the financial year to which the annual financial statements refer are to be taken into account regardless of the date of their payment or receipt
- line items under assets and liabilities are to be valued separately
- the opening balance sheet for a new financial year must agree with the closing balance sheet of the previous year.

Significant events occurring during the period between the reporting date and the date the financial statements are prepared are to be taken into account in the annual financial statements.

The Bank applies the following accounting policies and methods:

Currency translation

The Bank uses a multi-currency accounting system. Assets and liabilities in foreign currency are carried in the currency in which they originated.

Spot transactions and balance sheet items

Assets and liabilities in foreign currency are converted into the reporting currency at the reporting date mean spot exchange rate.

Outstanding spot transactions in foreign currency are converted into the reporting currency and valued on the reporting date at the reporting date spot rate.

Shares in affiliated companies, which are held as investments, as well as tangible and intangible assets which are not covered in either the forward or the spot markets, are stated in the reporting currency at the exchange rate applicable on the date of acquisition.

Futures

Outstanding futures in foreign currency are valued on the reporting date at the forward rates for the remaining term and converted into the reporting currency.

Income and expenses

Income and expenses are taken into account at the reference rates on the day they are recognised in the income statement.

Currency gains and losses

Currency gains and losses from spot transactions hedged through futures contracts and futures contracts hedged through spot transactions are neutralised through recognition in prepaid income and expenses. The difference between the spot and the forward rates (swap premiums) are recognised in the income statement on a time-proportion basis.

Currency gains and losses from unhedged spot positions are reported in the income statement.

Currency losses from unhedged futures are taken into account in the income statement. Currency gains, however, are not taken into account.

Valuation of other derivative financial instruments (swaps, options etc.)

In general, the derivative financial instruments used are valued at market value in accordance with the impairment and realisation principle. Anticipated losses are taken into account through provisions; unrealised gains are not recognised. Trading transactions from certain derivatives are structured into portfolios and valued as a unit. The resultant negative peaks per currency are included in the income statement.

Where derivative instruments are used to specifically hedge interest rate and/or currency risks, these are valued as part of a valuation unit. Any losses resulting from the valuation of the unit are taken into account through corresponding provisions or corrections in the value of the balance sheet item.

Fixed assets that do not represent financial investments

Fixed assets that do not represent financial investments are reported at cost. With regard to fixed assets whose use is time-limited, the cost of acquisition or manufacture is reduced by depreciation/amortisation is calculated so that the value of the asset is written down over its useful life on a scheduled basis. Low value assets are expensed in full in the year of acquisition.

Valuation allowances are recognised for fixed assets regardless of whether their use is time-limited or not, in order to reflect their lower fair value as at the reporting date if the impairment is probably long term. The valuation allowances are released if the grounds for their recognition no longer apply.

Tangible and intangible assets

Tangible and intangible assets are written down on a straight-line basis.

In line with the assumed useful life, tangible and intangible assets are depreciated/amortised as scheduled below:

| Depreciation/amortisation term | |
|---------------------------------------|----------|
| Building works, fixtures | 10 years |
| Furniture, office equipment, hardware | 4 years |
| Software | 3 years |
| Low value assets | 1 year |

Financial investments

Shares in affiliated companies, tangible assets and intangible assets which are used for business operations on a permanent basis are deemed to be financial investments. Where no permanent impairment exists, these are reported at cost.

Securities

Definition of securities groups

The Bank allocates its fixed-interest securities to either the trading portfolio or the liquidity reserve, both of which are reported under current assets. There are no investment portfolios.

The Bank uses paper in the trading portfolio to meet customer requirements and to benefit from short-term price fluctuations by actively taking own trading positions. The securities are held for a maximum of six months.

Securities held in the liquidity reserve are acquired by the Bank to increase earnings and maintain liquidity.

Valuation at the lower of cost or market

Securities held as current assets (trading portfolio and liquidity investment portfolio) are valued at the lower of cost (determined in accordance with the average price method) or market. Valuation allowances are recognised to show the securities at their lower fair value as at the reporting date, even if the impairment is expected to be short term. Valuation losses as at the reporting date are included in the income statement.

Valuation allowances from bonds and other fixed-interest securities of €1.0m and valuation allowances from other non-fixed-interest securities of €5.0m were maintained for tax reasons.

Receivables

Receivables are reported at cost. Premiums and discounts are spread across the term of the receivables on a time-proportion basis. For latent risks in on and off-balance sheet risk assets, general valuation allowances in the legally permissible amount were recognised in accordance with the tax authorities circular dated 16 December 1997. These were released in 2008 in conjunction with the recognition of specific valuation allowances in accordance with CSSF circular 08/386. Moreover, it is the Bank's policy to provide adequate cover for acute default risks in receivables by recognising specific valuation allowances, the level of which is determined by the competent Boards. The valuation allowances are deducted from the relevant asset items.

Liabilities

Liabilities are reported at their repayment amount. Discounts and premiums are spread across the term of the liabilities.

Valuation allowances in accordance with Section 62 of the Accounting Act

For the sake of prudence and in view of the particular risks associated with banking, the Bank has recognised valuation allowances in accordance with Section 62 of the law on accounting for banks. The level of these valuation allowances (net of specific valuation allowances) is restricted to 4% of the amounts due to the Bank from banks and customers, leasing business and bonds, shares and other non fixed-interest securities in the liquidity portfolio. The valuation allowances are deducted from the above positions on the assets side of the balance sheet.

Fund for general banking risks

The Bank has allocated €57.2m to the fund for general banking risks to cover general risks in the banking business. The amounts are unlimited and are immediately available to cover future losses not yet identified at the time the allocation was recognised.

Notes in detail

Breakdown of asset-side primary financial instruments in the non-trading portfolio by remaining maturity

| Financial assets in €m | Up to 3 months | Between 3 months and 1 year | Between 1 year and 5 years | More than 5 years | Total |
|------------------------|----------------|-----------------------------|----------------------------|-------------------|---------|
| Cash on hand | 2.7 | 0.0 | 0.0 | 0.0 | 2.7 |
| Due from banks | 4,809.5 | 1,038.0 | 10.0 | 0.0 | 5,857.5 |
| Due from customers | 174.4 | 153.4 | 434.7 | 65.7 | 828.2 |
| Bonds | 0.0 | 49.0 | 524.2 | 0.0 | 573.2 |
| Shares/units | 0.0 | 0.0 | 0.0 | 485.5 | 485.5 |

The Bank is a trading book institution within the meaning of supervisory legislation and calculates the overall solvency ratio. The legal requirements were comfortably complied with at all times during the period under review. On average, 93 % of the capital and reserves used to cover the monitored potential risk served as provisioning for general credit risks arising from the Bank's activities in total. The remaining 7 % covered general currency and interest rate risks as well as settlement and supplier risks.

The figures included in the table are book values. Around 97 % of the financial assets were attributable to borrowers in countries in the European Union and around 1 % to industrialised nations outside the European Union. Approximately 2 % of our asset-side primary financial instruments referred to exposure in emerging and developing countries. Information relating to the Bank's business policy and its risk management strategy with regard to credit and market risks as well as the use of foreign exchange contracts and derivative transactions can be found in the management report.

Receivables

Financial instruments cash on hand and balances with central banks include portfolios in both positions. The latter position includes the minimum reserve to be held at Luxembourg's central bank.

Around 91 % of the amount due from banks was attributable to loans for money dealing to affiliated banks, 1 % related to loan commitments, with approximately 38 % of this attributable to loans due to banks in the European Union and approximately 62 % due to banks in industrialised nations outside the European Union. Receivables amounting to €2,824.4m were due on demand.

Of the exposure to customers, around 33 % was attributable to public sector borrowers. The remaining sector breakdown was highly diversified. Around 86 % of the loans were granted to borrowers in countries in the European Union. Receivables amounting to €154.8m were due on demand.

Bonds and other fixed-interest securities

This item mainly includes issues by European financial institutions.

Bonds and other fixed-interest securities amounting to a nominal sum of €50.0m mature in 2011.

Bonds and other fixed-income securities amounting to €573.2m are allocated to current assets, i.e. the liquidity reserve.

The portfolio includes securities totalling €571.0m which are eligible for refinancing at the European Central Bank.

Shares and other non fixed-interest securities

Breakdown of asset-side primary financial instruments in the trading portfolio by remaining maturity

| Financial assets in €m | Up to 3 months | Between 3 months and 1 year | Between 1 year and 5 years | More than 5 years | Total |
|---------------------------|-------------------|-----------------------------------|----------------------------------|----------------------|-------|
| Shares/units | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 |

This item essentially comprises unlisted fund units. €0.1m is attributable to the trading portfolio which is made up of settlement fractions as part of custody business as well as the securities portfolio of investment fund units

Listed and unlisted securities

| | Listed in €m (previous year) | Unlisted in €m (previous year) | Total in €m (previous year) |
|--|---------------------------------------|---|--------------------------------------|
| Bonds and other fixed-interest securities | | | |
| From public sector issuers | 72.7 (23.7) | 0.0 (0.0) | 72.7 (23.7) |
| From other issuers | 498.3 (657.8) | 2.2 (2.2) | 500.5 (660.0) |
| Shares and other non fixed-interest securities | 0.0 (0.0) | 485.6 (292.2) | 485.6 (292.2) |
| Shares in affiliated companies | 0.0 (0.0) | 23.3 (18.0) | 23.3 (18.0) |

Participations

| | Registered office | Equity investment in % | Book value as at 31.12.2010 in €'000 (previous year) | Capital and reserves in €'000 (previous year) | Last net income in €'000 (previous year) |
|-------------------------------|----------------------|------------------------------|---|---|--|
| Dealis Fund Operations S.A. * | Luxembourg | 5 | 6 (6) | 212* (119) | 232* (93) |

* These are preliminary, unaudited figures as at 31 December 2010

Dealis Fund Operations S.A. was founded in 2008 and received its licensing according to finance sector law Art. 29-2 in 2009. Concurrent with the licensing the company started business on the 1st of June 2009. The purpose of the company is to carry out fund book-keeping and administration services.

Shares in affiliated companies

| | Registered office | Equity investment in % | Book value as at 31.12.2010 in €'000 (previous year) | Capital and reserves in €'000 (previous year) | Last net income in €'000 (previous year) |
|-------------------------------------|-------------------|------------------------|--|---|--|
| Deka International S.A. | Luxembourg | 100 | 11,129 (11,129) | 77,463 (71,066) | 164,681 (142,261) |
| International Fund Management S.A. | Luxembourg | 100 | 3,734 (3,734) | 9,659 (8,224) | 22,381 (19,690) |
| Europäisches Kommunalinstitut GmbH | Luxembourg | 100 | 12 (12) | 16 (16) | 0 (0) |
| Deka-WestLB Asset Management S.A. * | Luxembourg | 51 | 510 (510) | 1,036 * (1,045) | -13* (-8) |
| Perfeus S.A. | Luxembourg | 100 | 31 (31) | 39 (37) | 2 (2) |
| Datogon S.A. | Luxembourg | 100 | 31 (31) | 36 (33) | 1 (3) |
| Deka Immobilien Luxembourg S.A. | Luxembourg | 100 | 125 (125) | 263 (126) | -40 (136) |
| ROTURO S.A. | Luxembourg | 100 | 2,290 (2,290) | 3,036 (3,024) | -7 (11) |
| Luxemburger Leben S.A. * | Luxembourg | 50 | 1,560 (0) | 6,923 * (0) | -1,651* (0) |
| Deka Multi Asset Invest Lux SICAV | Luxembourg | 100 | 1,281 (31) | | |
| Deka Loan Invest Lux I SICAV | Luxembourg | 100 | 1,281 (31) | | |
| Deka Loan Invest Lux II SICAV | Luxembourg | 100 | 1,281 (31) | | |
| Deka Loan Invest Lux III SICAV | Luxembourg | 0 | 0 (31) | | |

* as at 31.12.2010. Temporary numbers, not testified.

Deka International S.A., International Fund Management S.A. and Deka Immobilien Luxembourg S.A. are investment companies which are subject to the laws of the Grand Duchy of Luxembourg and whose object is to set up and manage entities for joint investments. The subscribed share capital in each case is fully paid up and the respective statutory reserves at Deka International S.A. and International Fund Management S.A. are fully endowed. Deka Immobilien Luxembourg S.A. was established in 2007, the share capital is fully paid up and the allocations to the statutory reserves will be completed in 2010.

Europäisches Kommunalinstitut serves as name protection with regard to future activities in the international public sector lending business. The share capital is fully paid up and the statutory reserves are fully endowed.

The object of Deka-WestLB Asset Management S.A. exclusively comprises the management of WestLB Mellon Compass Funds. The respective subscribed share capital is fully paid up and the statutory reserves are partially endowed.

Perfeus S.A. buys and sells unlisted securitised deposit claims from and to financial institutions, which are members of the Savings Banks Association of the Federal Republic of Germany.

The exclusive object of Datogon S.A. is to gather original market data on financial market instruments on an ongoing basis as well as to calculate synthetic market data in accordance with customer requirements, to store and process this data and to forward it to the respective clients.

The object of Roturo S.A. is to invest and manage investment portfolios and other assets.

Luxemburger Leben S.A. was established in 2009 by Provinzial NordWest Lebensversicherung AG. The primary purpose of the company comprises business operations relating to fund-linked pension insurance plans. The acquisition of 50% of the shares by DekaBank Deutsche Girozentrale Luxembourg S.A. took place with effect from 1 July 2010. DekaBank Deutsche Girozentrale Luxembourg S.A. contributed a share of €1m to the capital increase at Luxemburger Leben S.A. as at 1 September 2010.

For the AMI business division, the SICAVs Deka Loan Investors Luxembourg I SICAV-FIS, Deka Loan Investors Luxembourg II SICAV-FIS and Deka Multi Asset Investors Luxembourg SICAV-FIS are domiciled at DekaBank Deutsche Girozentrale Luxembourg S.A. The companies are set up as "feeder funds". The investment objective is to invest the major portion of net assets in shares of sub-pools of assets of Deka Investors InvAG TGV, an investment plc with sub-pools of assets under German law and registered office in Frankfurt/Main, Germany. As at the balance sheet date, the companies had yet to make investments. DekaBank Deutsche Girozentrale Luxembourg S.A. is the founding shareholder of the SICAVs. It has provided the share capital and the regulatory minimum capital for SICAVs.

DekaBank Deutsche Girozentrale Luxembourg S.A., Deka International S.A., International Fund Management S.A., Deka Immobilien Luxembourg S.A., and Roturo S.A. are included in the consolidated financial statements of DekaBank Deutsche Girozentrale, Frankfurt/Main.

The following table shows the movement in financial investments during the year:

Financial investments

| | Shares in affiliated companies in €'000 |
|---|---|
| Gross value on 1 January 2010 | 17,992 |
| Additions | 9,302 |
| Disposals | -31 |
| Reclassifications (+/-) | 0 |
| Gross value on 31 December 2010 | 27,263 |
| Cumulative allocation to valuation allowances | -3,992 |
| Cumulative reversals | 0 |
| Net value on 31 December 2010 | 23,271 |

The following table shows the movement in tangible and intangible assets during the year:

Tangible and intangible assets

| | Land and buildings in €'000 | Technical equipment and machines in €'000 | Plant and equipment in €'000 | Software in €'000 | Total tangible assets in €'000 |
|---|--------------------------------|--|---------------------------------|----------------------|-----------------------------------|
| Gross value on 1 January 2010 | 0 | 10,064 | 6,122 | 11,263 | 27,449 |
| Additions | 0 | 492 | 33 | 393 | 918 |
| Disposals | 0 | -142 | 0 | 0 | -142 |
| Reclassifications (+/-) | 0 | 0 | 0 | 0 | 0 |
| Gross value on 31 December 2010 | 0 | 10,414 | 6,155 | 11,656 | 28,225 |
| Cumulative allocation to valuation allowances | 0 | 9,359 | 5,162 | 11,196 | 25,717 |
| Net value on 31 December 2010 | 0 | 1,055 | 993 | 460 | 2,508 |

Other assets

Other assets essentially include amounts due from Deka International S.A. and International Fund Management S.A. as part of the dividend distribution by the two companies for the same period.

Amounts due from affiliated companies and companies in which an equity investment is held as well as subordinated assets

| | Affiliated companies in €m |
|---|-------------------------------|
| Receivables | |
| Due from banks | 5,651.2 |
| Due from customers | 144.2 |
| Bonds and other fixed-interest securities | 499.1 |
| Other assets | 187.1 |

Amounts due to affiliated companies and companies in which an equity investment is held as well as subordinated liabilities

| | Affiliated Companies in €m |
|--------------------|-------------------------------|
| Liabilities | |
| Due to banks | 25.5 |
| Due to customers | 661.9 |

Assets and liabilities in foreign currency

The equivalent value of assets and liabilities held in foreign currency amounts to €494.4m (previous year: €426.1m) and €493.6m respectively (previous year: €422.9m).

| | Up to 3 months in €m | Between 3 months and 1 year in €m | Between 1 year and 5 years in €m | More than 5 years in €m | Total in €m |
|------------------|----------------------------|--|---|-------------------------------|----------------|
| Due to banks | 2,162.1 | 0.0 | 0.0 | 0.0 | 2,162.1 |
| Due to customers | 4,820.0 | 384.0 | 0.0 | 0.0 | 5,204.0 |

Amounts due to banks relate primarily to European banks. There were no particular call risks. Liabilities amounting to €2,070.9m were due on demand (previous year: €37.6m).

Amounts due to customers essentially comprised deposits from fund companies as well as large private German companies. Customer deposits of €3,033.8m were due on demand (previous year: €3,915.1m).

There were no liabilities-side primary financial instruments in the trading portfolio as at 31 December 2010.

Other liabilities

Other liabilities primarily related to as yet unredeemed matured units and coupons from investment funds (€7.0m) as well as amounts due to the tax authorities (€9.1m).

Subscribed capital

The subscribed and fully paid-up capital stands unchanged at €50.0m and is divided into 15,000 no-par value shares.

Statutory reserve

The statutory reserve pursuant to Section 72 of the law dated 10 August 1915 amounts to €5.0m as at 31 December 2010 and is fully endowed. The statutory reserve may not be distributed.

Deposit insurance system

The Bank is a member of the Deposit Guarantee Association, Luxembourg (AGDL for short). The aim of the AGDL is to set up a mutual guarantee system for the deposits of natural persons and particular companies with a registered office in an EU country, which may not exceed a fixed sum, as well as for the instruments of investors, which are held, safeguarded or managed in conjunction with securities transactions on behalf of the investors. During the reporting year, the deposits were guaranteed up to an amount of €100 thousand in each case. In the event of a claim, the annual payment obligation of each AGDL member is limited to 5 % of capital and reserves. The Bank has recognised provisions for possible claims in the legally permissible amount. In 2010, a total of €30 thousand was refunded by the AGDL.

Commitments/credit risks

| | 31.12.2010 in €'000 |
|-------------------------|------------------------|
| Commitments: | 102,749 |
| firm credit commitments | 102,749 |

Trust Transactions

| | 31.12.2010 in €'000 |
|--------------------|------------------------|
| Trust Transactions | 2,032,000 |

Letter of comfort

Except in the case of political risks, DekaBank Deutsche Girozentrale Luxembourg S.A. will ensure that the following consolidated subsidiaries can meet their commitments:

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

Analysis of derivative financial instruments

Information on credit risk

| | Nominal | | Credit risk equivalent | Fair Value |
|---------------------|---------------------|---------------------|------------------------|---------------------|
| | 31.12.2010 in €m | 31.12.2009 in €m | 31.12.2010 in €m | 31.12.2009 in €m |
| Interest rate risks | | | | |
| Interest rate swaps | 941 | 699 | 0 | -8 |
| Total | 941 | 699 | 0 | -8 |
| Currency risks | | | | |
| Currency forwards | 488 | 1,584 | 2 | 2 |
| Total | 488 | 1,584 | 2 | 2 |
| Total | 1,429 | 2,283 | 2 | -6 |

Breakdown by counterparty

| | Nominal | | Credit risk equivalent | Fair Value |
|----------------------|---------------------|---------------------|------------------------|---------------------|
| | 31.12.2010 in €m | 31.12.2009 in €m | 31.12.2010 in €m | 31.12.2009 in €m |
| OECD banks | 1,393 | 1,889 | 1 | -6 |
| Other counterparties | 36 | 394 | 1 | 0 |
| Total | 1,429 | 2,283 | 2 | -6 |

Breakdown by maturity

| Nominal | Interest rate risks | Currency risks | Share and other price risks |
|----------------------------|---------------------|---------------------|-----------------------------|
| | 31.12.2010 in €m | 31.12.2010 in €m | 31.12.2010 in €m |
| Remaining maturity | | | |
| Up to 3 months | 739 | 457 | 0 |
| Up to 1 year | 111 | 23 | 0 |
| Between 1 year and 5 years | 91 | 8 | 0 |
| More than 5 years | 0 | 0 | 0 |
| Total | 941 | 488 | 0 |

Please see the section on business policy and risk management in the management report for information on the use of currency and derivative transactions. With regard to interest rate contracts, the contract volume figure indicated in the "Nominal" column is the figure used as the calculation basis for the interest payable. With regard to the currency future contracts, the amount of currency to be delivered is indicated at its euro equivalent. The volumes given include all transactions concluded as at the reporting date. The credit risk equivalent is the additive link between the current exposure and the potential future exposure over the remaining term. The replacement cost represents the difference between current market terms and conditions and the contractual fixed terms and conditions in relation to the volume of the contract.

Management and representation services

The Bank provides the following management and representation services to third parties:

- investment advice and asset management
- safeguarding and management of securities
- custodian bank activities
- payment agency function for the DekaBank Group
- rental of safe deposit boxes
- as well as fund administration services which are provided indirectly via the investment companies Deka International S.A., International Fund Management S.A. and Deka Immobilien Luxembourg S.A.

Auditors' fees

The following auditors' fees were recorded as an expense in the financial year:

| | 2010 €'000 | 2009 €'000 |
|----------------------------|---------------|---------------|
| Year-end audits | 244 | 244 |
| Other consultancy services | 137 | 51 |
| Total | 381 | 295 |

Other operating expenses

Other operating expenses amounting to €23.8m essentially includes expenses for intra-group cost allocations (€17.4m).

Other operating income

Other operating income of €15.5m essentially includes income from intra-group cost allocations (€11.8m).

Breakdown of income by regional markets

99% of the income is attributable to regional markets within the OECD.

Average number of staff

On average, the Bank employed the following during the financial year:

| Group | No. of people | (Previous year) |
|-------------------|---------------|-----------------|
| Management | 3.00 | (3.00) |
| Senior executives | 12.00 | (13.33) |
| Employees | 300.67 | (315.75) |
| Total | 315.67 | (332.08) |

Remuneration, pension commitments and loans to Board members of the Bank

| Boards | Remuneration, benefits in €'000 (Previous year) | Pension Commitments in €'000 (Previous year) | Loans, guarantees in €'000 (Previous year) |
|----------------------|---|--|--|
| Management* | 2,970 (2,883) | 148 (163) | 0 (0) |
| Administrative Board | 29 (29) | 0 (0) | 0 (0) |

* The extended management team comprises the managing directors and senior executives from DekaBank Deutsche Girozentrale Luxembourg S.A.

Information on consolidated companies

DekaBank Deutsche Girozentrale Luxembourg S.A. is included in the consolidated financial statements of DekaBank Deutsche Girozentrale, Frankfurt/Main, as a subsidiary. The consolidated financial statements are available from Frankfurt on request.

Luxembourg, March 2011

DekaBank Deutsche Girozentrale Luxembourg S.A.



Oliver Behrens
Chairman of the
Administrative Board



Rainer Mach
Managing Director
Member of the Administrative Board

Auditor's report

To the Administrative Board of
DekaBank Deutsche Girozentrale Luxembourg S.A.

Report on the financial statements

In line with the resolution by the Administrative Board we have audited the enclosed financial statements of DekaBank Deutsche Girozentrale Luxembourg S.A., Luxembourg consisting of the balance sheet as at 31 December 2010, the profit and loss account and the notes thereto for the financial year ending on said date.

Responsibility of the Administrative Board for the financial statements

The preparation and representation in accordance with the actual facts of the financial statements in compliance with the provisions and regulations applicable in Luxembourg for the preparation of annual financial statements is the responsibility of the Administrative Board. This responsibility includes developing, implementing and maintaining the internal control system for the preparation and presentation in accordance with the actual facts of the financial statements to ensure that they are free from any material misstatements, regardless of whether these are the result of inaccuracies or infractions, as well as selecting and applying appropriate accounting principles and methods and establishing appropriate estimates relating to the accounts.

Auditor's responsibility

It is our responsibility to certify these Annual Accounts based on our audit. We conduct our audit in accordance with international audit principles introduced by the Institut des Réviseurs d'Entreprises (International Standard on Auditing), which require that we comply with professional duties and principles and plan and carry out our audit so that it can be determined with sufficient certainty whether the Annual Accounts are free from material misstatements.

An audit includes performing audit procedures to obtain audit evidence for the amounts stated and information contained in the financial statements. Selection of the audit procedures is the responsibility of the auditor as is the assessment of the risk that the financial statements contain material misstatements due to inaccuracies and infractions. As part of this risk assessment the auditor takes account of the internal control system that has been established for the preparation and accurate representation of the financial statements for the purpose of determining the audit procedures that are appropriate under the circumstances but not for the purpose of certifying the effectiveness of the internal control system.

An audit also includes evaluating the appropriateness of the accounting principles and methods applied and the appropriateness of the estimates made by the Administrative Board as well as an evaluation of the overall presentation of the financial statements.

We believe that the evidence obtained in the course of our audit is sufficient to provide a reasonable basis for our audit opinion.

Audit certificate

In our opinion, the financial statements, in accordance with the statutory provisions and regulations for the preparation and presentation of annual accounts, give a true and fair view of the assets and financial position of DekaBank Deutsche Girozentrale Luxembourg S.A., Luxembourg as at 31 December 2010 and of the income position for the financial year ending on said date.

Report concerning additional statutory and supervisory law obligations

The Management Report, which is the responsibility of the Administrative Board, is consistent with the financial statements.

Luxembourg, 18 March 2011

PricewaterhouseCoopers S.à r.l.

Auditor
represented by



Holger von Keutz

Management Board

Rainer Mach

Managing Director
Member of the Administrative Board

Wolfgang Dürr

Managing Director

Patrick Weydert

Managing Director

Administrative Board

Oliver Behrens

Chairman
Member of the Management Board
of DekaBank Deutsche Girozentrale,
Frankfurt/Main

Walter Groll

Deputy Chairman
Member of the Management Board
of DekaBank Deutsche Girozentrale,
Frankfurt/Main

Rainer Mach

Member
Managing Director
DekaBank Deutsche Girozentrale Luxembourg S.A.,
Luxembourg

Dr. h. c. Friedrich Oelrich

Member
Member of the Management Board
of DekaBank Deutsche Girozentrale,
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* Shares in SICAVs are unlisted.

Internet website

German and English versions of our annual report are available for download from our website www.dekabank.lu.

German and English versions of the annual reports and interim reports of the DekaBank Group are available for download from the website www.dekabank.de under "Investor Relations/Reports".

Ordering reports

We would be pleased to send you a printed copy of the German annual report of DekaBank Deutsche Girozentrale Luxembourg S.A. If you would like to receive our annual report on a regular basis, please contact us with your details.

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This report was prepared in May 2011.

Printed by

Druckhaus Becker, Ober-Ramstadt

Disclaimer

The management report as well as the Annual Report in other respects contain forward-looking statements as well as expectations and forecasts. These are based on the information available to us at the time of publication, which we have deemed to be reliable after careful consideration. We do not assume an obligation to update based on new information and future events after the publication of this information. We have derived our estimations and conclusions from these forward-looking statements, expectations and forecasts. We expressly point out that all of our future-oriented statements are associated with known or unknown risks or imponderables and are based on conclusions relating to future events, which depend on risks, uncertainties and other factors that are outside of our area of influence. Such developments can result from, among other things, a change in the general economic situation, the competitive situation, the development of the capital markets, changes in the tax law and legal framework and from other risks. The events actually occurring in the future may thus turn out to be considerably different from our forward-looking statements, expectations, forecasts and conclusions. We can therefore assume no liability for their correctness and completeness or for the actual occurrence of the information provided. The English translation of the DekaBank Deutsche Girozentrale Luxembourg S.A. Annual Report is provided for convenience only. The German original is definitive.

„DekaBank **Luxembourg**

DekaBank
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