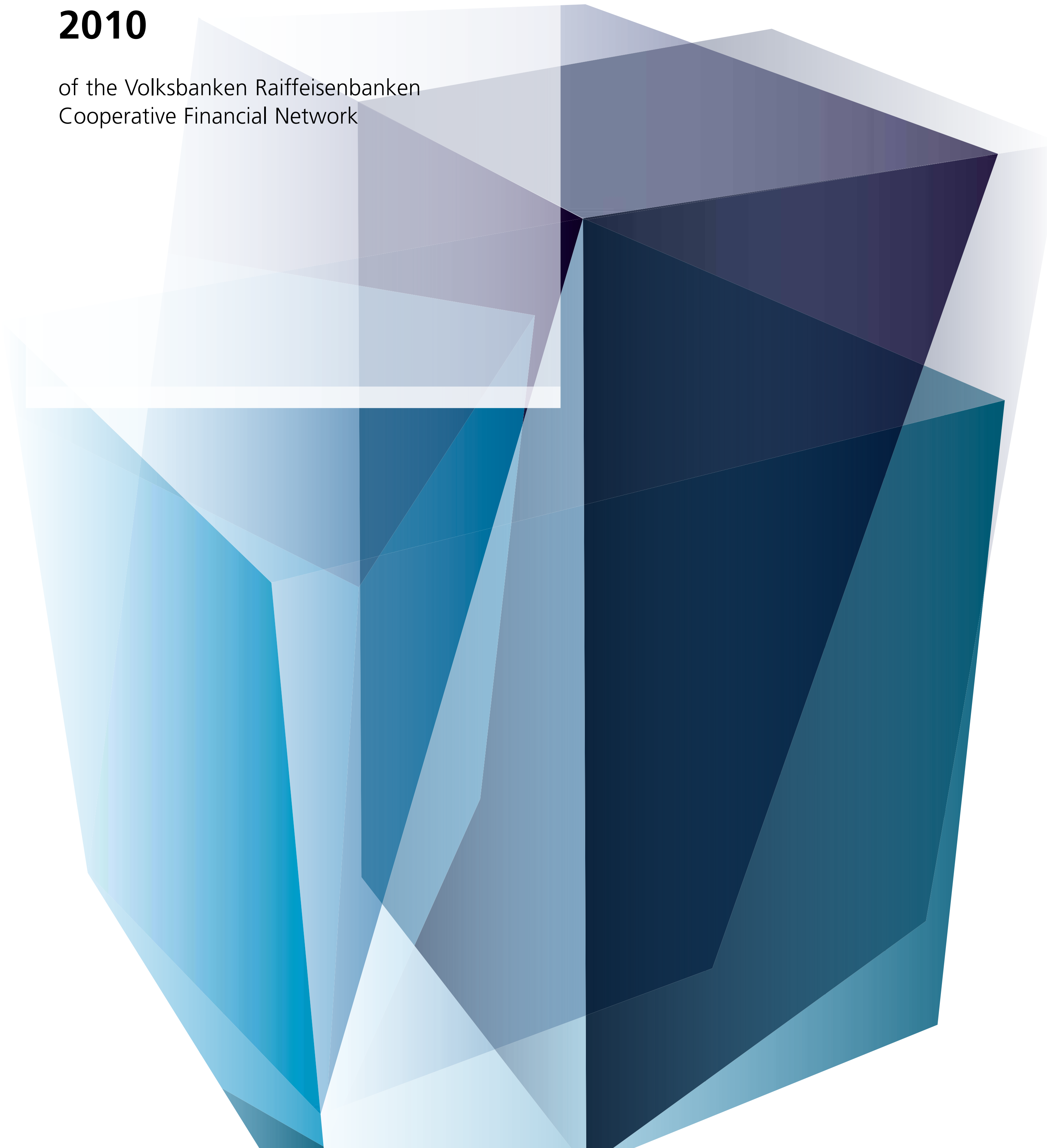
Consolidated Financial Statements 2010

of the Volksbanken Raiffeisenbanken
Cooperative Financial Network



Volksbanken Raiffeisenbanken Cooperative Financial Network

Facts and figures at a glance

Ratings	FitchRatings (Network rating)	Standard & Poor's
Long-Term Issuer Default Rating	A+	A+
Short-Term Issuer Default Rating	F1+	A–1
Outlook	Stable	Stable
Individual Rating	B	*
Support Rating	1	*

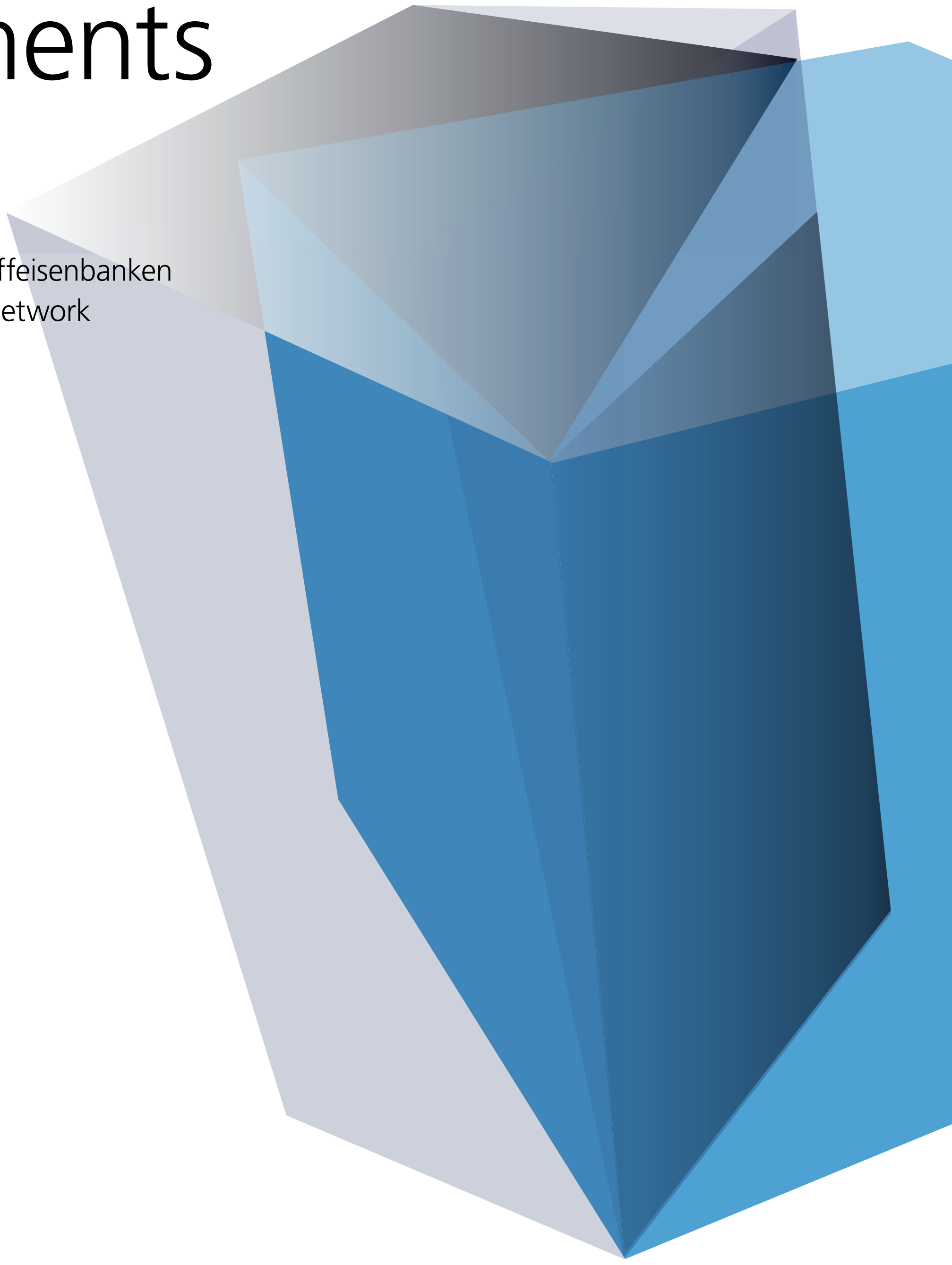
* Standard & Poor's does not provide this kind of rating

Cooperative Financial Network	2010 Euro M	2009 Euro M	Change (percent)
Financial performance			
Net interest income	18,967	17,375	9.2
Net fee and commission income	5,015	4,574	9.6
Profit/loss on financial and commodities transactions[1]	–178	1,537	>100.0
Net income from insurance business[2]	619	498	24.3
Profit before taxes	8,113	6,649	22.0
Net profit	6,089	4,638	31.3
Cost/income ratio (percent)	63.2	63.3	
Net assets			
Loans and advances to banks	40,136	40,411	–0.7
Loans and advances to customers	583,326	560,433	4.1
Financial assets held for trading	71,285	93,857	–24.0
Investments	237,043	240,460	–1.4
Investments held by insurance companies	55,338	50,475	9.6
Remaining assets	33,185	30,877	7.5
Financial position			
Deposits from banks	109,658	107,170	2.3
Amounts owed to other depositors	619,985	588,033	5.4
Debt certificates including bonds	93,260	107,462	–13.2
Financial liabilities held for trading	49,892	75,499	–33.9
Insurance liabilities	56,216	52,351	7.4
Remaining liabilities	29,061	28,420	2.3
Cooperative network's capital	62,241	57,578	8.1
Total assets / total equity and liabilities	**1,020,313**	**1,016,513**	**0.4**
Volume of business[3]	**1,272,290**	**1,250,820**	**1.7**
Regulatory capital ratios under SolvV			
Tier 1 capital ratio (percent)	8.9	8.3	
Total capital ratio (percent)	13.7	13.0	
Employees as at Dec. 31	**187,296**	**186,719**	**0.3**

1 Gains and losses on trading activities, gains and losses on investments, and other gains and losses on valuation of financial instruments
2 Premiums earned, gains and losses on investments held by insurance companies and other insurance company gains and losses, insurance benefit payments, and insurance business operating expenses
3 Total assets/total equity and liabilities, including financial guarantee contracts and loan commitments, trust activities, and the assets under management of the Union Investment Group

Annual Consolidated Financial Statements 2010

of the Volksbanken Raiffeisenbanken
Cooperative Financial Network



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Introduction by the Board of Managing Directors

Trust is a valuable commodity, especially in banking. Although it arises and grows over decades, it can be lost in just a short time. Relationships of trust need to be nurtured. We therefore go the extra mile to honor the trust that our members and customers have placed in us.

These annual consolidated financial statements of the Volksbanken Raiffeisenbanken Cooperative Financial Network for 2010 are proof positive of the intact relationship of trust that exists between the cooperative banks, their specialized institutions, and these entities' more than 30 million clients in Germany.

The continued strong growth in our customer deposits and lending volumes exceeded the market average across the board. These results demonstrate that clients are more appreciative than ever of the local cooperative banks' transparent, solid, and traditional business coupled with the expertise and complementary products and services offered by the specialized institutions. This even applies to the period following the outbreak of the financial crisis; we have managed to win business and customers especially in times of turmoil.

This is particularly true of the many small businesses and corporate customers with which the Cooperative Financial Network has always felt a close bond. Almost one in every three euros lent to small businesses now comes from the Cooperative Financial Network.

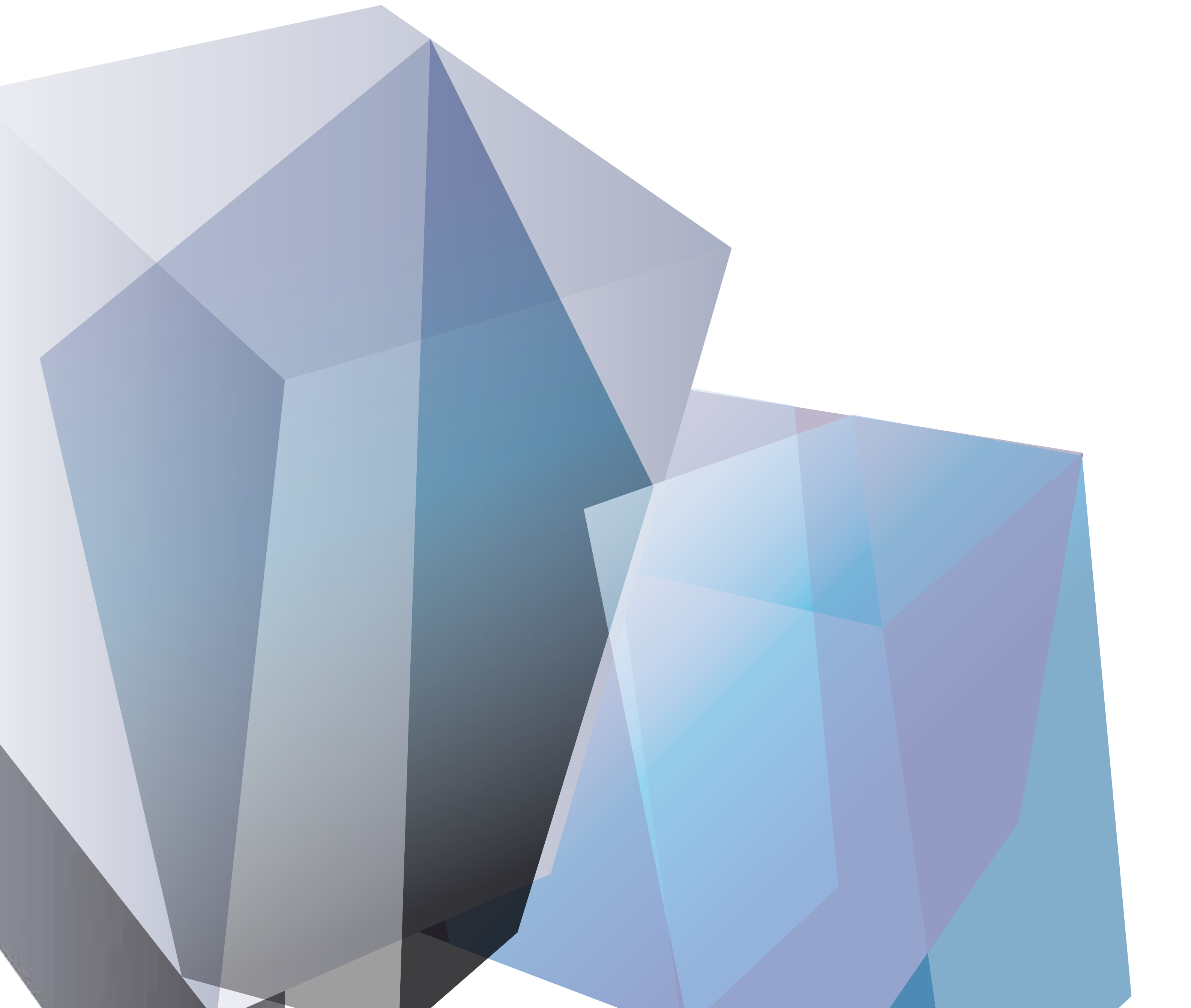
There can therefore be no question of any credit crunch in our business. Quite the opposite is the case.

Our profit before taxes continued to increase year on year, growing by 22 percent from Euro 6.6 billion in 2009 to Euro 8.1 billion in 2010. By paying current income taxes of Euro 1.92 billion, the Cooperative Financial Network made a significant contribution to improving Germany's public finances. In doing so, it met its responsibility to support local communities. These results also underline the fact that people can rely on the cooperative banks not just as local taxpayers but also as active supporters and financiers of their respective regions.

The ample capital resources and liquidity at the Cooperative Financial Network's disposal build trust and lay the foundations for our future growth. We can exploit opportunities that arise in the market and continue to strengthen our relationships of trust by pursuing a flexible operating policy that is in tune with the interests of our clientele.

The Cooperative Financial Network repeatedly demonstrated in 2010 that it is a pillar of stability in the German banking industry. This should persuade politicians of the need to act proportionately when considering imposing further regulation on the cooperative banks and their specialized institutions. The relationship of trust between institutions and their customers should not be impaired by misplaced external regulation.

Uwe Fröhlich
Gerhard P. Hofmann
Dr. Andreas Martin



Management Report 2010

Business Performance
Economic conditions

The German economy delivered an impressive and robust performance in 2010, generating its strongest growth since the country's reunification and bouncing back from the slump suffered during the winter months of 2008/2009. Gross domestic product (GDP) grew by 3.6 percent year on year on a price-adjusted basis. The recovery over the course of the year turned out to be unexpectedly strong, culminating in a dramatic surge in production in the second quarter of 2010. Inflationary pressures remained moderate on the whole despite this buoyant growth. Retail prices rose by an average of 1.1 percent.

Growth stimulus came from both domestic and international demand. Germany's foreign trade staged an impressive recovery from the fall in demand witnessed during the global recession and accounted for 1.3 percentage points – i.e. roughly one third – of the country's GDP growth. This trend was largely driven by the jump in exports to emerging markets such as China, India, and Brazil. The balance-of-trade surplus increased because the growth in exports outweighed the expansion of imports.

Consumer spending by German households advanced moderately as the general outlook for incomes and employment brightened and real disposable incomes grew. This expenditure combined with government consumption generated 0.7 percentage points of economic growth. The propensity to invest also increased on the back of fairly low interest rates and the overall improvement in sales forecasts. Many projects that had been put on hold in 2009 because of the tough economic conditions were implemented during the year under review. Gross investment in plant and equipment in conjunction with spending on inventories together accounted for 1.7 percentage points of GDP growth.

The strength of the economy also gave a significant boost to the labor market. The number of people in work rose by 0.5 percent to a new record of 40.48 million in 2010. This trend was mirrored by a decline in the number of those unemployed, which averaged 3.24 million during the year – the lowest level since 1993. The unemployment rate fell from 8.1 percent in 2009 to 7.7 percent in 2010. This was attributable to the strength of the economy and a slight contraction in the potential labor force caused by demographic trends.

Business Performance

Performance of the Volksbanken Raiffeisenbanken Cooperative Financial Network

Business development

The Volksbanken Raiffeisenbanken Cooperative Financial Network delivered a highly successful performance in 2010, standing out as a self-confident pillar of the German banking industry in a market fraught with numerous challenges. Its strong profitability and growth in market share demonstrate that customers have confidence in the cooperative banks' business model and are therefore stepping up the amount of business that they transact with the entities in the Cooperative Financial Network.

The success of the Cooperative Financial Network is essentially predicated on its traditional, solid deposit-taking and lending operations together with its attractive range of financial products and services. As in 2009, its total volume of lending rose significantly, bucking the general market trend. Customer deposits also increased sharply, growing by more than the market as a whole.

In 2010 the Volksbanken Raiffeisenbanken Cooperative Financial Network continued to play a major part in ensuring that Germany did not suffer a credit crunch of any kind. The primary banks supplied a considerable proportion of the credit made available to domestic firms and the self-employed, thereby once again performing their key economic function as a major source of funding for small and medium-sized enterprises. Almost one in every three euros lent to small businesses and self-employed people now comes from the Cooperative Financial Network. The percentage growth in lending was higher than it had been in the previous ten years.

The success of the cooperative business model is illustrated by the high level of net profit, which was a further improvement on what had already been an impressive result in 2009 and enabled the Cooperative Financial Network to significantly strengthen its capital and pay attractive dividends to its members and shareholders. Its sustained commercial success also continued to generate substantial tax revenue in the reporting year.

The Cooperative Financial Network has ample capital and liquidity resources, which enable it to take full advantage of the opportunities presented by its lending business despite the higher capital requirements imposed by Basel III. Although the Cooperative Financial Network is well equipped to compete on a level playing field, competition during the year under review was repeatedly distorted by the prices set by banks that receive government support. The high levels of market appeal, productivity, and profitability enjoyed by the Cooperative Financial Network should ensure that it can continue to position itself successfully in the market in 2011.

Earnings performance

2010 was an outstanding year in terms of profitability. **Profit before taxes** rose by 22.0 percent year on year to Euro 8,113 million, impressively underlining the strength of the cooperative banking business model.

Net interest income advanced by 9.2 percent year on year to Euro 18,967 million in 2010. The steep yield curve made maturity transformation more profitable during the reporting year. However, the main profit driver was the interest margin contribution in business with customers. 2010 saw continuous and solid growth in lending across all client groups. While borrowers demanded medium- and long-term financing, investors preferred short maturity periods and daily maturity dates because they expected interest rates on investments to rise. The reduction of longer-dated debt certificates (including bonds) was compensated for by the growth in short-term funding at low prevailing interest rates. The income/loss from using the equity method for interests in joint ventures and investments in associates, which form part of net interest income, improved significantly year on year.

Allowances for losses on loans and advances fell sharply from Euro 2,176 million in 2009 to Euro 879 million in 2010. The fallout from the financial and economic crisis continued to have less of an overall impact than expected. Loan loss allowances for corporate customers decreased during the reporting period, with portfolio loan loss allowances being reversed because of the benign economic conditions. By contrast, loan loss allowances for retail customers increased significantly despite the recent improvement in the labor market.

Net fee and commission income advanced by 9.6 percent from Euro 4,574 million to Euro 5,015 million. Income from securities business rose particularly sharply in 2010 owing to the jump in share prices on global stock markets. The range of securities-related products on offer was reconfigured to meet investors' main needs – safety, stability, and reliability – and now includes product innovations that are primarily designed to preserve the capital invested. Income from payments processing (including card processing) also improved in 2010.

Gains on trading activities totaled Euro 1,279 million during the reporting year compared with Euro 1,692 million in 2009. One of the main reasons for this encouraging result was once again business in structured investment and risk management products for private and corporate clients. The figure for 2009 was boosted by sharp rises in the value of bonds and promissory notes resulting from the narrowing of credit spreads as financial markets stabilized.

Losses on investments surged from Euro 107 million in 2009 to Euro 1,149 million in the reporting year. The losses recognized for 2010 arose largely from impairments on asset-backed and other securities.

Impairment losses on bonds in connection with the sovereign debt crisis affecting Europe's periphery states were reflected in figure reported for **other gains and losses on valuation of financial instruments**, which amounted to a net loss of Euro 308 million in 2010 (2009: net loss of Euro 48 million). Losses on the measurement of these securities at fair value through profit or loss were only partly compensated by income from derivatives.

Net income from insurance business rose from Euro 498 million in 2009 to Euro 619 million in the reporting year. This increase in income primarily resulted from a significant improvement in gains and losses on investments held by insurance companies in the Cooperative Financial Network. Net income was also boosted by a level of premium growth that was above average for the sector.

Administrative expenses edged up by 1.5 percent from Euro 15,231 million in 2009 to Euro 15,464 million during the reporting period. Despite the fact that the primary banks' expenses increased, these institutions once again managed to slightly reduce their administrative expense margins year on year.

The amount of Euro 1,920 million (2009: Euro 1,796 million) of the total **income taxes** of Euro 2,024 million for 2010 (2009: Euro 2,011 million) related to current taxes. As in previous years, the Cooperative Financial Network therefore generated significant levels of tax revenue throughout all parts of Germany. Temporary losses on valuation of securities held as investments resulted in reduced deferred income tax expenses.

The **net profit/loss** for 2010 after tax amounted to a profit of Euro 6,089 million compared with a net profit of Euro 4,638 million in 2009.

The **cost/income ratio** remained virtually unchanged at 63.2 percent (2009: 63.3 percent).

Financial position

Total assets grew by Euro 3.8 billion during the reporting year to Euro 1,020.3 billion as at December 31, 2010. The total **volume of business** – which includes the Cooperative Financial Network's total assets, financial guarantee contracts and loan commitments, trust activities, and the asset management by the Union Investment Group – had increased to Euro 1,272.3 billion at the end of 2010 (December 31, 2009: Euro 1,250.8 billion).

57.4 percent of the total assets in the Cooperative Financial Network are attributable to the primary banks (December 31, 2009: 56.7 percent). The proportion of total assets held by the DZ BANK Group declined slightly to 31.7 percent (December 31, 2009: 32.3 percent), and the share accounted for by the WGZ BANK Group decreased to 7.8 percent (December 31, 2009: 8.0 percent).

On the **assets** side of the balance sheet, loans and advances to customers advanced by Euro 22.9 billion to Euro 583.3 billion. Especially the primary banks reported strong growth in the volume of loans they had granted. Whereas their short- and medium-term lending contracted, the volume of long-term loans and advances increased and, as in 2009, remained the key driver of lending activities. The volume of loans granted to firms and small businesses expanded particularly sharply.

The Cooperative Financial Network continued to reduce the volume of bonds and other fixed-income securities in financial assets held for trading. It trimmed its securities holdings as part of its risk management strategy, and securities were removed from the portfolio when they reached their maturity date. In addition, loans and advances recognized as financial assets held for trading decreased. Financial assets held for trading in the reporting year totaled Euro 71.3 billion as at December 31, 2010 compared with Euro 93.9 billion at the end of 2009.

On the **equity and liabilities** side of the balance sheet, the amounts owed to other depositors increased from Euro 588.0 billion as at December 31, 2009 to Euro 620.0 billion at the end of 2010. The volume of customer deposits continued to be largely determined by the fallout from the financial crisis, which ensured that the primary banks acquired further deposits. Safety was one of the main investment criteria for customers, who showed a particular preference for liquid forms of investment. The strongest absolute growth in deposits was achieved by demand deposits, which account for the largest share of deposits held by the primary banks (44 percent). The main reasons for customers' continued pronounced liquidity preference were the low level of interest rates, the narrow spreads between the maturity bands of the various types of deposit, and the expectation that interest rates on investments would rise in the short term. Fixed-term deposits and savings certificates were therefore less popular. The pronounced preference for safety was illustrated by the strong inflows of funds to savings deposit accounts.
The total volume of financial liabilities held for trading fell from Euro 75.5 billion at the end of 2009 to Euro 49.9 billion as at December 31, 2010. This was attributable to a decrease in funding by means of liabilities reported under this balance sheet line item.

The Volksbanken Raiffeisenbanken Cooperative Financial Network is amply equipped with capital resources and has **cooperative network's capital** of Euro 62.2 billion (December 31, 2009: Euro 57.6 billion). Its financial performance, which was a further improvement on 2009, once again enabled it to significantly strengthen its reserves and pay attractive dividends to its shareholders.

Regulatory capital
The capital held by the Cooperative Financial Network – as required by the Solvency Regulation (SolvV) – grew by Euro 3.8 billion, or 6.1 percent, to Euro 65.9 billion.

The corresponding total capital ratio rose from 13.0 percent to 13.7 percent. The Tier 1 capital ratio as defined by the SolvV also improved, increasing from 8.3 percent at the end of 2009 to 8.9 percent at year-end 2010. Both of these key ratios continued to comfortably exceed the regulatory minimums of 8.0 percent for the total capital ratio and 4.0 percent for the Tier 1 capital ratio.

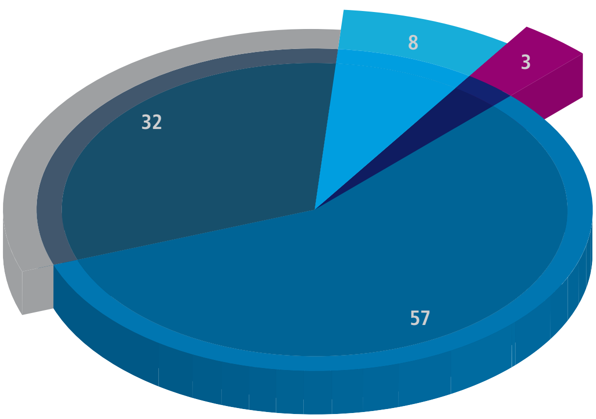
The corresponding figures for the primary banks experienced similar trends, with their Tier 1 capital ratio rising from 10.5 percent to 10.7 percent and their total capital ratio increasing from 14.0 percent to 14.7 percent.

Earnings performance

	2010 Euro M	2009 Euro M	Change (percent)
Net interest income	18,967	17,375	9.2
Allowances for losses on loans and advances	–879	–2,176	–59.6
Net fee and commission income	5,015	4,574	9.6
Gains and losses on trading activities	1,279	1,692	–24.4
Gains and losses on investments	–1,149	–107	>100.0
Other gains and losses on valuation of financial instruments	–308	–48	>100.0
Net income from insurance business	619	498	24.3
Administrative expenses	–15,464	–15,231	1.5
Other net operating income	33	72	–54.2
Profit/loss before taxes	**8,113**	**6,649**	**22.0**
Income taxes	–2,024	–2,011	0.6
Net profit/loss	**6,089**	**4,638**	**31.3**

Breakdown of the total assets held in the Cooperative Financial Network as at December 31, 2010

(percent)



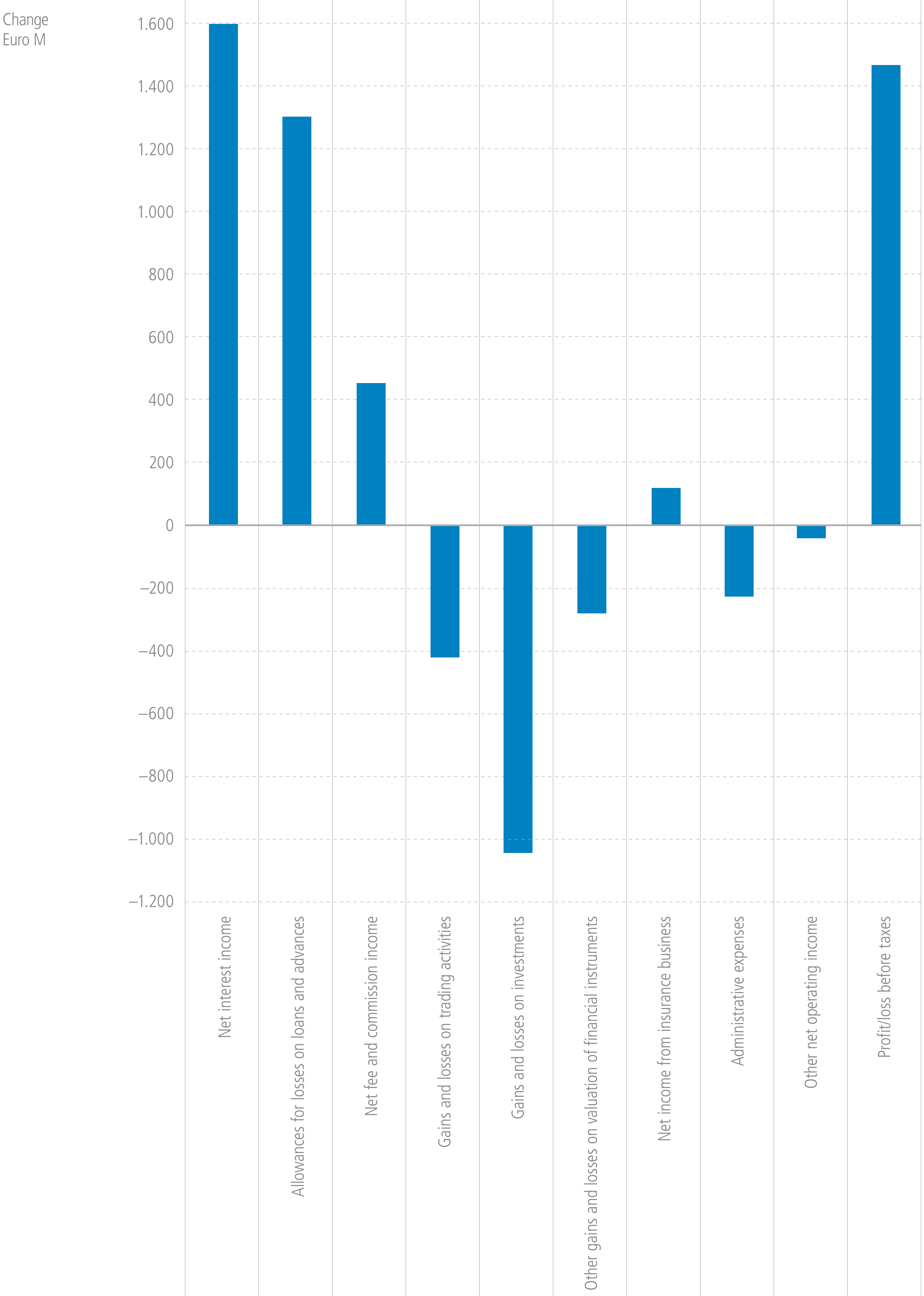
Primary banks

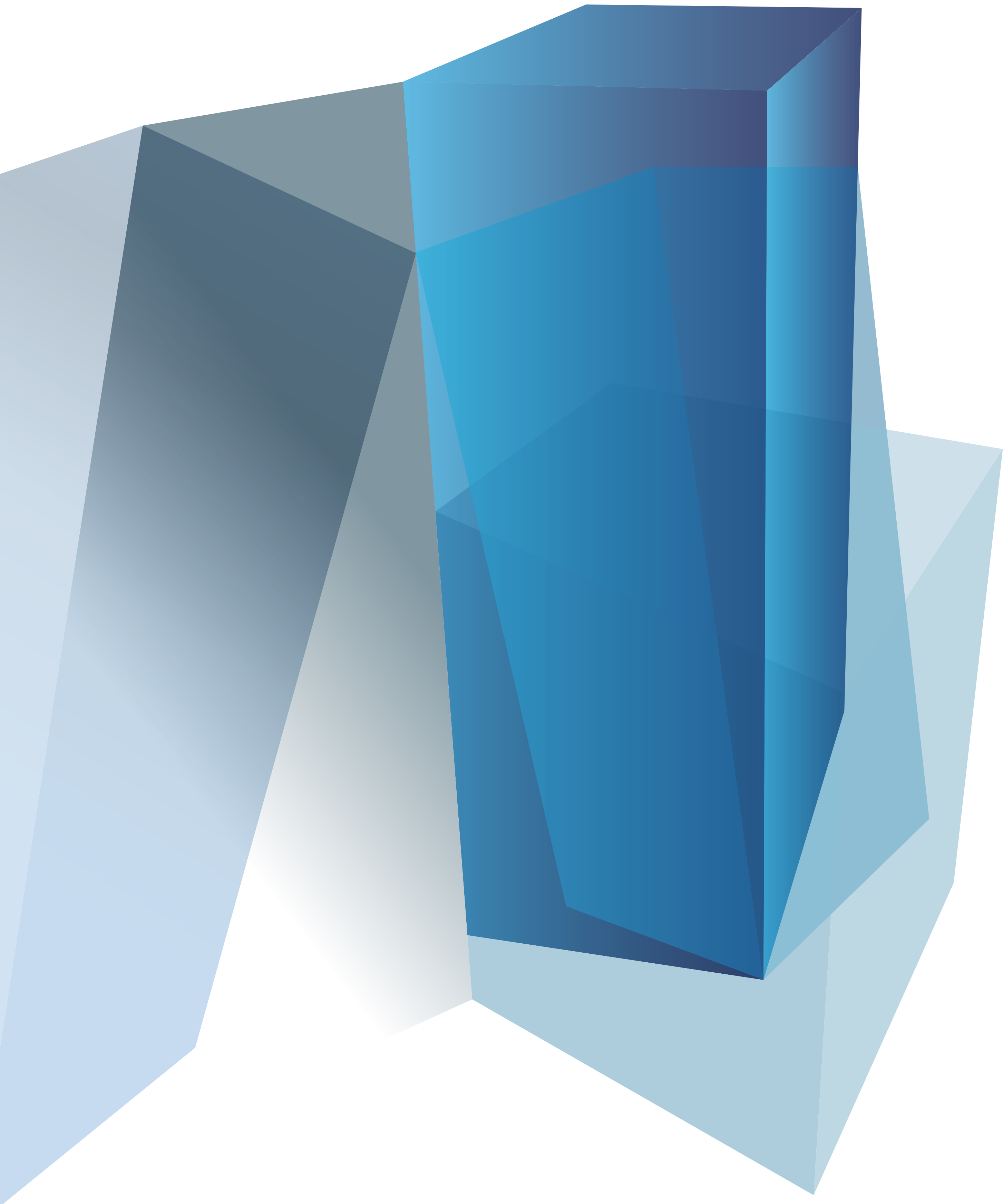
DZ BANK Group

WGZ BANK Group

Münchener Hypothekenbank eG

2009/2010 year-on-year changes in selected income statement line items





Business Performance
Operating segments of the Volksbanken Raiffeisenbanken Cooperative Financial Network

Bank operating segment

The **net interest income** earned by the Bank operating segment advanced from Euro 1,316 million in 2009 to Euro 1,604 million during the reporting period. This performance was mainly attributable to the reduction of long-term debt certificates (including bonds) and maturities of higher-yielding deposits by the primary banks in the Retail operating segment. The growth in short-term funding at low prevailing interest rates generated positive structure contributions. In addition, the interest income earned from loan portfolios increased. The income/loss from using the equity method for interests in joint ventures and investments in associates, which form part of net interest income, improved significantly year on year. This was attributable to a sharp decrease in the charges recognized for the pro-rata share in the loss incurred by the Österreichische Volksbanken-AG Group (2010: loss of Euro 42 million; 2009: loss of Euro 242 million).

The marked improvement in economic conditions in Germany during 2010 boosted demand for credit products. A significant increase in unit sales and lending volumes was achieved, particularly in traditional syndicated loan business, but also in the standardized risk transfer product Agrar-Meta as part of intersegmental partnerships with the primary banks. Likewise, development lending achieved growth in its volume of new business, especially on the back of the outstanding performance of business in renewable energies. The marked upturn in global goods and passenger traffic in all segments of the transportation industry resulted in a sharp rise in the volume of new transport finance loans. By contrast, the uncompromising focus on a profitability-driven leasing strategy, which involved tightening the criteria applied to leased assets and credit quality, reduced the volume of new equipment and vendor finance business transacted both inside and outside Germany.

Allowances for losses on loans and advances fell sharply from Euro 553 million in 2009 to Euro 148 million in 2010, which was a better result than expected. This reflects the recovery in the economy and the implementation of a rigorous risk policy. The decrease was largely attributable to the lower level of allowances required for losses on loans and advances to customers and to the reversal of portfolio loan loss allowances.

Net fee and commission income achieved another year-on-year increase in 2010, rising to Euro 554 million compared with Euro 501 million in 2009. The income earned from lending business and trust activities was a further improvement on the strong results reported for 2009. The net income generated from structured finance solutions for corporate clients increased. The net income earned from securities business fell slightly after 2009 had seen exceptionally high fee and commission income from bond issuance. The net fee and commission income generated by payments processing (including card processing) remained virtually unchanged. The M&A activities of the two central institutions were merged during the reporting year in order to enhance the range of products and services on offer and reap synergies for the Cooperative Financial Network.

Gains on trading activities came to Euro 1,184 million in 2010 (2009: Euro 1,443 million). As in previous years, this pleasing result stemmed from customer-related business in investment and risk management products involving the asset classes of equities, interest rates, and foreign exchange. The Bank operating segment continued to perform well in meeting client needs in terms of structured products for business with private clients and for the risk management activities of banks, corporates, and institutional clients. Business in investment certificates also fared well. Clients were provided with attractive and high-quality structured investment products under the premium 'AKZENT Invest' brand. Capital protection investment certificates continued to generate especially strong demand. Institutional clients' investment focus was on simply structured products. Customized products were in demand with pension providers and insurers, while corporate clients took advantage of historically low interest rates to purchase interest-rate hedging instruments. The gains realized on trading activities in 2009 were boosted by sharp rises in the value of bonds and promissory notes resulting from the narrowing of credit spreads as financial markets stabilized. This meant that despite the encouraging level of trading profit generated in 2010, this figure represented a year-on-year decrease overall.

Losses on investments improved from Euro 516 million to Euro 452 million. Impairment losses on asset-backed securities fell year on year.

Administrative expenses remained more or less in line with previous years at Euro 1,443 million (2009: Euro 1,451 million). General and administrative expenses decreased, while collectively agreed salaries rose.

The **profit before taxes** reported by the Bank operating segment increased by Euro 572 million from Euro 703 million to a total of Euro 1,275 million. The cost/income ratio improved from 53.6 percent to 50.3 percent.

Retail operating segment

The Retail operating segment further improved on what had already been an outstanding level of **net interest income** in 2009, raising it to Euro 16,473 million in the reporting year (2009: Euro 15,223 million). This was largely attributable to an increase in the net interest income generated by the primary banks, which further expanded their market share of lending (non-bank accounts receivable) to 12.5 percent (up by 0.2 percentage points) and their market share of deposit-taking (non-bank deposits) to 16.0 percent (up by 0.2 percentage points). They also used their easyCredit consumer finance product to grow their market share in the highly competitive consumer finance segment and increased the total volume of their LuxCredit foreign-currency lending business.

In addition to the volume growth achieved in lending and deposit-taking, the steep yield curve and an all-time low key interest rate of 1.0 percent facilitated maturity transformation and enabled high structure contributions in 2010. Roughly one fifth of the net interest income generated by the primary banks was attributable to these factors. However, the main reason for the increase in net interest income was the interest margin contribution in business with customers.

Allowances for losses on loans and advances fell sharply from Euro 1,375 million in 2009 to Euro 625 million in the reporting year. Loan loss allowances for corporate customers declined – especially in the retail and construction sectors. On the other hand, loan loss allowances for private clients increased as a lagging effect of the financial and economic crisis.

Net fee and commission income grew by 9.5 percent to Euro 5,107 million in the reporting year (2009: Euro 4,663 million). Income from securities business accounted for a particularly large proportion of this result. Impressive performances were achieved by the primary banks' custody-related and securities business, the cooperative private banking service for high-net-worth individuals, and the asset management business conducted by the Cooperative

Financial Network. The primary banks stepped up their successful marketing alliance with DZ PRIVATBANK. The Cooperative Financial Network won new fund management mandates in 2010 and reported further inflows of funds. The Retail operating segment responded to private clients' risk aversion by gearing its product range to investors' needs. Private and institutional clients were impressed by the quality of the guarantee funds and capital preservation strategies on offer. In the pioneering field of personal retirement pensions the Cooperative Financial Network maintained its market leadership in 'Riester' fund-linked products. Fee and commission income also rose in payments processing (including card processing).

Most of the **gains on trading activities** stemmed from net gains on the primary banks' commodities trading, which increased slightly year on year. By contrast, net gains on trading in financial instruments decreased. Total gains on trading activities fell from Euro 272 million in 2009 to Euro 116 million during the reporting period.

Gains and losses on investments amounted to a net loss of Euro 530 million (2009: net gain of Euro 378 million). This sharp deterioration was largely attributable to the recognition of impairment losses on securities in the primary banks' own portfolios, whereas impairment losses on bonds had been reversed in 2009. On the whole, however, impairment charges remained at a moderate level.

Administrative expenses rose from Euro 13,481 million in 2009 to Euro 13,806 million in the reporting year. Despite this increase in administrative expenses, however, the primary banks once again managed to lower their administrative expense margin. Higher administrative expenses were also incurred by the larger marketing budget for asset management and in connection with the expansion of the cooperative private banking business.

The **profit before taxes** reported by the Retail operating segment rose from the impressive level achieved in 2009 (Euro 5,701 million) by a further 19.2 percent to Euro 6,793 million in 2010. The cost/income ratio improved from 65.6 percent to 65.0 percent.

Real Estate Finance operating segment

The **net interest income** earned by the Real Estate Finance operating segment advanced by Euro 64 million to Euro 1,381 million. Detailed analysis of this result reveals growth in the mortgage banking business and a modest decrease in building society operations. Against the background of the strong economic upturn there was significant growth in the volume of commercial real-estate transactions in Germany in the reporting year. When selecting its exposures, the Cooperative Financial Network focused on high-quality business with a balanced risk/return profile. Lending to public bodies also generated ample margins. The business model used by building societies, which requires them to maintain adequate levels of liquidity, affected the level of net interest income. Bausparkasse Schwäbisch Hall AG continued to provide impressive evidence of its leading position in the building society market in 2010 with its 'Schwäbisch Hall Tarif Fuchs' scale of rates and charges, which has become successfully established in the marketplace.

The level of **allowances for losses on loans and advances** improved further from Euro 187 million to Euro 86 million in the reporting period. This significant decrease was attributable to the rigorous risk management policy pursued in the mortgage banking business.

The **net fee and commission income** earned by the Real Estate Finance operating segment is usually a negative figure and deminished to a net loss of Euro 224 million in 2010 compared with a loss of Euro 204 million in the previous year. The fees and commissions paid to the primary banks as part of both the mortgage banking business and building society operations rose. By brokering more consumer home finance loans, the primary banks considerably increased the volume of new building society business.

Because further impairment losses needed to be recognized on asset-backed securities, net **losses on investments** grew from Euro 88 million in 2009 to Euro 231 million in 2010. The ongoing debate about the level of sovereign debt in some EU member states triggered sharp falls in the value of European government bonds that are held as part of the mortgage banking business. These impairment losses had a particularly adverse impact on the **other gains and losses on valuation of financial instruments**, which deteriorated substantially from a net loss of Euro 21 million in 2009 to a loss of Euro 342 million in 2010.

Administrative expenses remained virtually unchanged at Euro 597 million (2009: Euro 594 million).

Despite the success of its core business, the Real Estate Finance operating segment incurred a **loss before taxes** of Euro 80 million (2009: profit of Euro 267 million) largely as a result of the impairment losses recognized on securities owing to the sovereign debt crisis in Europe's periphery states.

Insurance operating segment

The net income earned by the Insurance operating segment rose by Euro 37 million year on year to Euro 376 million. It essentially comprises premiums earned, gains and losses on investments held by insurance companies and other insurance company gains and losses, insurance benefit payments, and insurance business operating expenses.

Premiums earned advanced by 4.8 percent to Euro 10,921 million (2009: Euro 10,418 million). The insurance companies in the Cooperative Financial Network continued to meet their clients' expectations in the reporting year by offering a customized product portfolio that was supplemented by its customary high levels of service. Gross premiums written increased to Euro 11,104 million in 2010, up 5.5 percent on the impressive level of premiums generated in 2009.

The Insurance operating segment continued to grow its market share of regular new premium income in the life insurance business. The regular premiums earned from both traditional personal pension products and occupational pension provision rose significantly. Health insurance achieved growth that was above the market average; the high level of growth was generated predominantly from new customers. The Cooperative Financial Network won further market share in the property and casualty insurance market, which grew only marginally overall. In vehicle insurance, the property and casualty insurance division with the highest level of revenue, the Cooperative Financial Network strengthened and consolidated its position as the third-largest vehicle insurer in Germany. It also continued on its successful growth trajectory in the reinsurance market both by building on existing customer relationships and by winning new clients worldwide.

Gains and losses on investments held by insurance companies and other insurance company gains and losses amounted to a net gain of Euro 3,051 million (2009: Euro 2,695 million), which constituted year-on-year growth of 13.2 percent. The sovereign debt crisis (especially involving the southern EU countries) did not have any major impact in this respect.

Insurance benefit payments advanced by 6.0 percent from Euro 10,989 million in 2009 to Euro 11,645 million in the reporting year. In line with the gains and losses on investments held by insurance companies, there were additions to insurance liabilities in companies offering personal insurance. Furthermore, both the frequency and the amount of claims increased in property and casualty insurance and in inward reinsurance. Additional expenses were also incurred by a further addition to insurance liabilities at an Italian subsidiary and by a rise in major claims resulting from natural disasters.

Insurance business operating expenses rose from Euro 1,782 million in 2009 to Euro 1,935 million in 2010, largely as a result of the growth achieved in the insurance business.

Business Performance
Events after the balance sheet date

With effect from January 1, 2011, the Cooperative Financial Network acquired parts of the private banking business owned by UniCredit Luxembourg in order to strengthen its cooperative private banking activities.

As a reinsurer that operates throughout the global insurance market, the Cooperative Financial Network was affected by the earthquake disasters that hit Japan and New Zealand in the first quarter of 2011. The latest information available suggests that these events will not have a material impact on the Cooperative Financial Network's financial position or financial performance.

Human Resources Report

In 2010 the companies in the Cooperative Financial Network once again managed not only to maintain but to further consolidate their position as one of the leading financial service providers in Germany. They achieved impressive results by raising their net profit for the year and expanding their share of the lending and deposit-taking market.

This strong performance would not have been possible without a highly skilled and motivated workforce, whose expertise and commitment underpin the Cooperative Financial Network's sustainable, long-term client relationships. The chart on page 22 showing staff members' years of service reveals that roughly 70 percent of those employed by the local cooperative banks and the two central institutions have been working at these organizations for more than 15 years. This is one of the main reasons why the relationships between cooperative financial advisors and their clients are usually close and long-lasting. The companies in the Cooperative Financial Network employed 187,296 people at the end of 2010 (see chart on page 21). This further slight year-on-year increase in headcount means that these entities remain a major employer throughout all parts of Germany.

In order to maintain the high quality of their services the cooperative institutions have traditionally invested heavily in the systematic training and development of their workforce. A key pillar of this skill upgrading process is the GenoPE cooperative staff development program. Last year saw the launch of a comprehensive strategy to develop and refine GenoPE. The main objectives of this process are to:

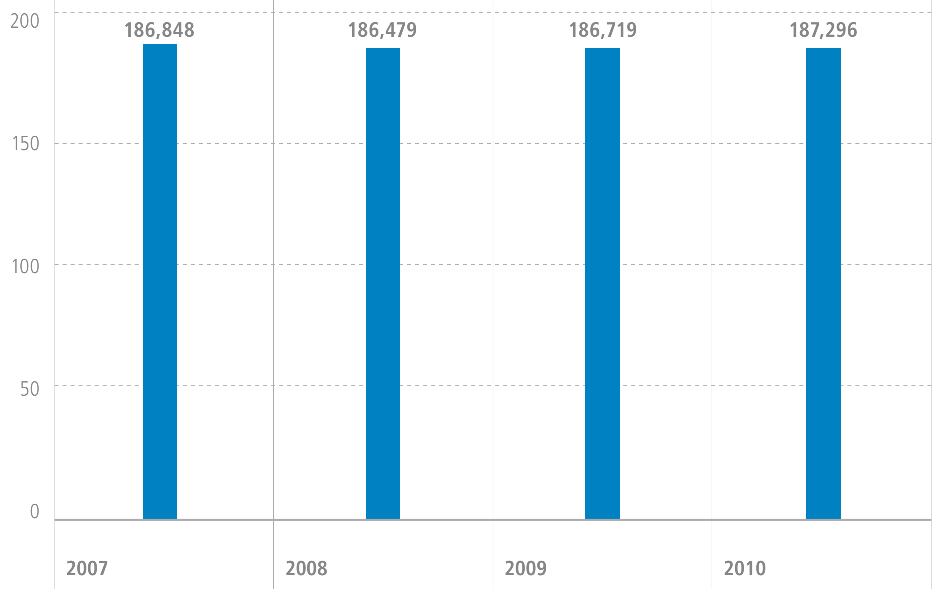
- strengthen the strategic relevance of GenoPE and highlight its cooperative values,
- improve retention of knowledge and learnings as part of the certification process, and
- develop and enhance blended learning and the teaching of skills involving new media.

The cooperative institutions will begin to implement this new program during the course of 2012.

In addition to ongoing training and development programs – for example to meet the requirements of consumer protection legislation – initial vocational training has traditionally been highly important in helping to secure the skilled workforce needed. Compelling evidence of this approach is provided by the cooperative banks' ratio of trainees to other employees, which has remained stable over the long term. The ratio of trainees to other employees continued to exceed 7 percent in 2010, remaining above the average for German industry as a whole.

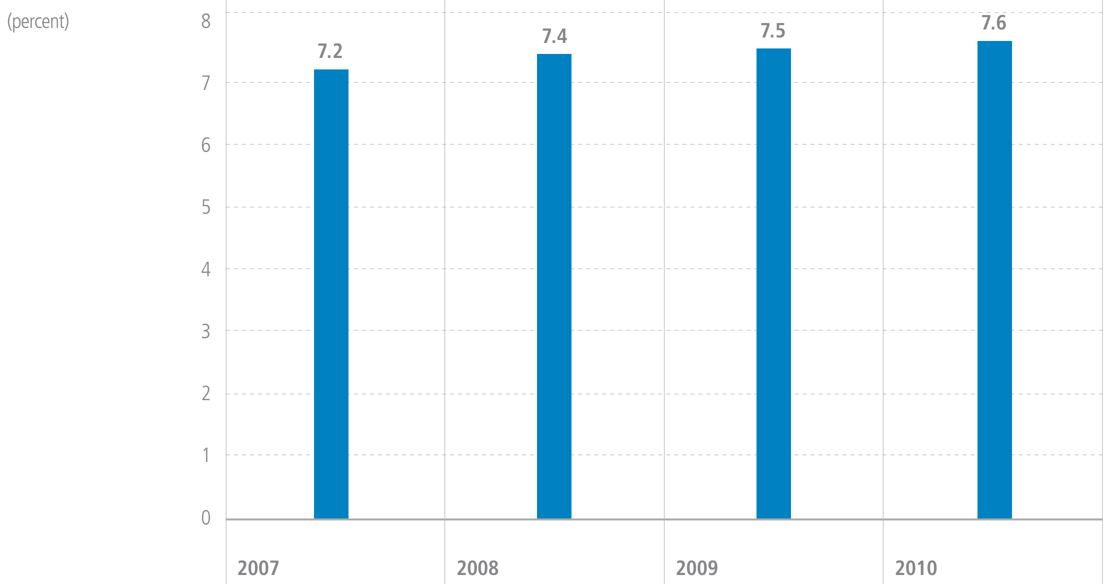
Surveys of students, and university graduates reveal that the cooperative banks are employers of choice for young professionals. For many years now these institutions have been one of the most popular companies at which to train – as evidenced by the trendence student barometer, a representative nationwide survey of over 15,000 students in Germany. In 2010 the cooperative banks were once again voted one of Germany's top 100 employers by the trendence student barometer. These institutions were included in the trendence university graduate barometer for the first time last year. Every year this survey asks 11,000 university students who are approaching their final exams who their employer of choice would be and what their career goals are. On the strength of the findings of this survey the cooperative banks were for the first time voted one of Germany's top 100 employers by the trendence university graduate barometer.

Number of employees[1]



1 Volksbanken Raiffeisenbanken Cooperative Financial Network

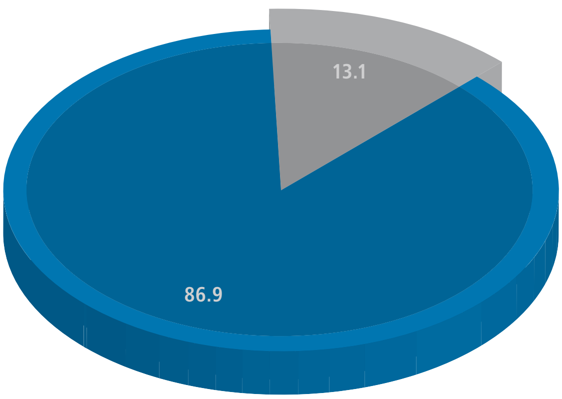
Ratio of trainees to other employees[1]



1 Local cooperative banks and central institutions

Transfer of trainees to employment contracts on successful completion of training in 2010[1]

(percent)



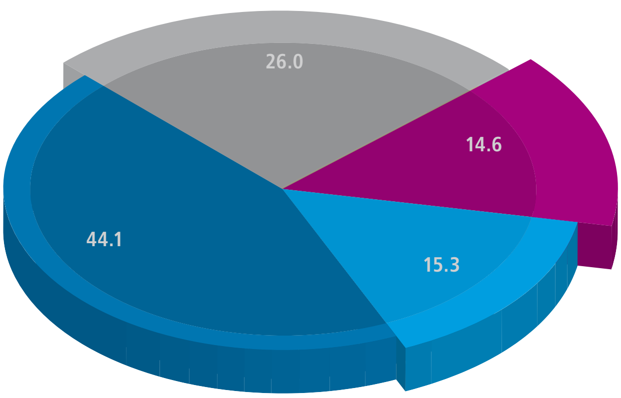
Employment contracts offered

Employment contracts not offered

1 Local cooperative banks and central institutions

Employees' period of service as at December 31, 2010[1]

(percent)



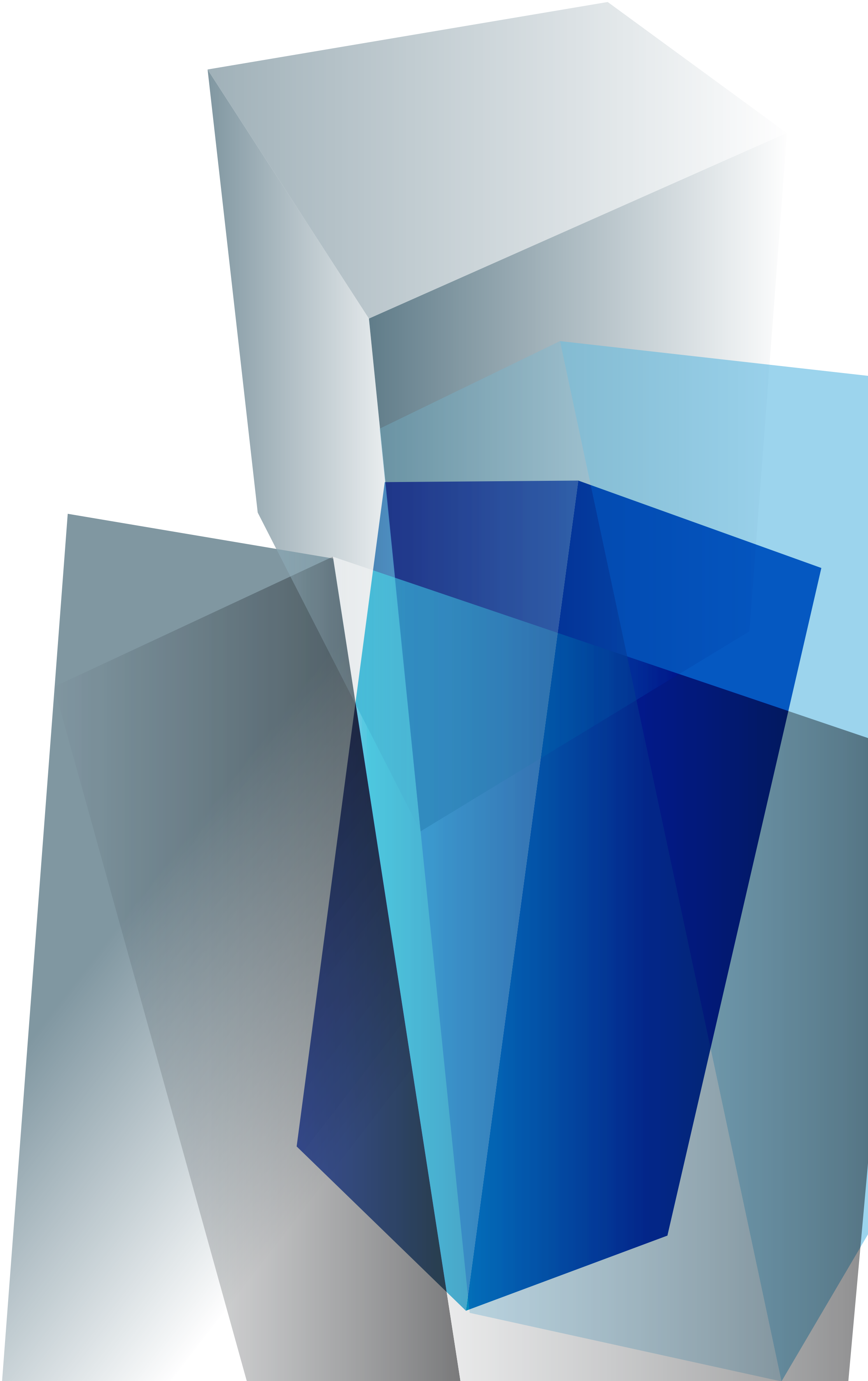
Less than 5 years

5 to less than 15 years

15 to less than 25 years

25 years or more

1 local cooperative banks and central institutions



Risk Report
Bank management

Business line income statement for the Volksbanken Raiffeisenbanken Cooperative Financial Network
By preparing a business line income statement, the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR) [National Association of German Cooperative Banks] has put in place the structured basis for a management accounting and reporting system for the Cooperative Financial Network. A contribution accounting model is used to allocate the various profit contributions to the business lines of private clients, corporate customers, other customers, and treasury. The figures from the business line income statement, which in 2010 was again based on figures supplied by the cooperative banks, are factored into the BVR's framework planning. This planning includes an analysis and measurement of the current position in the Cooperative Financial Network based on volume and performance of business. This view is extrapolated as a trend scenario to produce a two-year forecast, and scenario techniques are used to represent a performance range for the profit contributions made by the individual business lines. Margin fluctuations and interest-rate simulations, among other things, are estimated.

The use of this system for the entire Cooperative Financial Network forms the basis for determining specific recommendations for action and strategies for the individual business lines. The system also reveals where there are strategic performance risks. The standard business line income statement model also makes it possible to generate benchmark values at further levels right down to individual banks. This model can also be used as the basis for a proper strategic debate about the risk/return profiles in the Cooperative Financial Network. The institutions are provided with a tool to support the initial planning process based on the figures for the individual bank concerned.

Risk allocation concept trialed throughout the organization
VR-Control provides the cooperative institutions with a comprehensive set of treasury management tools. The risk-bearing capacity of the institution as a whole is calculated across all quantifiable types of risk (counterparty risk and market risk) and then allocated to the institution's individual portfolios through an established process. This calculation has so far been based on the assumption of full correlation (+1).

This set of tools is now being supplemented to include a diversification approach. VR-EUROS risk/return-optimized management enables the banks to use portfolio theory to identify diversification effects and utilize the findings selectively in order to allocate and manage bank-wide risks. Correlations between risk categories can be used to derive arithmetically optimized portfolio mixes, which include constellations such as higher returns for the same risk or the same returns for less risk. In the past, only diversification effects within the individual management areas or books have been considered. The VR-EUROS approach therefore provides a strategically enhanced management tool for the entire organization that enables the institutions to actually generate sustainable levels of income from their treasury operations by diversifying risk across several categories and thereby stabilizing the earnings power of assets. This concept was successfully trialed in 2010 as part of a nationwide pilot scheme that included the central institutions and the network's regional banking associations.

Validation of VR rating systems
The latest validation results have confirmed the integrity of the VR rating systems, even during the years of the financial and global economic crisis. In 2010 the VR ratings for corporate customers were used to rate 1.3 million clients, some 250,000 of which were assessed based on balance sheets and cash basis accounting. Approximately 1,000 primary banks had used these methods by the end of 2010. The VR rapid rating for corporate customers is now being used at more than 680 banks. The general usage rates of these methods illustrate the considerable degree to which statistical and mathematical rating systems are accepted in the Cooperative Financial Network.

Responsibility for managing the VR rating systems is split between the BVR and the cooperative central institutions. The BVR develops and validates rating systems for retail customers while the central institutions are in charge of wholesale and special ratings. They generally draw on the expertise of many entities to ensure that the high quality of the VR rating systems is maintained over the long term. They work closely with a team of experts representing computing centers, the network's regional banking associations, central institutions, the BVR, and primary banks to monitor and scrutinize developments as they unfold. The rating systems used by the central institutions have been checked and approved by the regulatory authorities as part of their validation for the internal ratings-based (IRB) approach.

Strategy for quantifying counterparty risks arising from own-account investing activities

The financial crisis has demonstrated that banks' future risk management strategies will attach particular importance to the counterparty risks arising from their own-account investing activities. The BVR responded to this situation at the end of 2010 by launching a project to develop a portfolio model together with the corresponding parameter estimates. These methods will need to quantify not only the general interest-rate risks but also the credit-spread, default, and migration risks in connection with own-account investing activities. This will involve modeling both a present-value analysis of potential losses and a periodic analysis of the risks affecting fair value gains and losses. The project is due to be completed in mid-2011 with the publication of a user manual and two functional strategies for the corresponding parameter estimates and methods. This will enable GAD and FIDUCIA – the cooperative network's computing centers – to provide a suitable software solution as early as the second half of 2011. The project includes a number of pilot banks that have helped to produce sample calculations and impact analyses. The latest parameter estimates reveal that credit-spread risks constitute the main type of risk.

Because the primary banks usually hold securities issued by entities in the Cooperative Financial Network, these issues are given zero weighting assigned to intragroup loans and advances in analyses of risk-bearing capacity (section 10c (2) of the German Banking Act [KWG]).

Risk Report
BVR protection scheme

The purpose of the BVR protection scheme is to avert imminent financial difficulties or eliminate any such existing problems at the affiliated institutions and to prevent any negative impact on confidence in the cooperative institutions. The BVR manages a guarantee fund and a guarantee network to assist with any restructuring measures needed in this connection.

A total of 1,152 member institutions of the Cooperative Financial Network belonged to the protection scheme on December 31, 2010 (December 31, 2009: 1,169 members). The decrease stemmed solely from mergers.

The Cooperative Financial Network once again successfully performed its consistent and stabilizing role in the German banking market in 2010. This success is attributable to its sustainable business model and its firm commitment to its fundamental values of self-reliance, personal responsibility, solidarity, and autonomy. The BVR protection scheme acts as the financial and organizational linchpin in the solidarity-based system of cooperative banks and the other affiliated institutions within the network.

The encouraging overall outlook for the Cooperative Financial Network's rating was confirmed by the upbeat assessments issued by Standard & Poor's and Fitch Ratings, and this can be at least partly attributed to the successful activities of the protection scheme as a bank-related protection system.

Legal basis

The BVR's articles of association section 4 requires the BVR to manage a protection scheme. This facility is specified expressly as a bank-protection scheme in section 12 of the legislation implementing the EU deposit guarantee schemes and investor compensation schemes directives. Since August 1, 1998, the protection scheme has therefore been subject to monitoring by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) [Federal Financial Supervisory Authority] (section 12 (1) in conjunction with section 7 (3) of the German Deposit Guarantee and Investor Compensation Act); as a result, the member institutions do not need to participate in any statutory compensation scheme.

In 2010 the protection scheme met, without qualification, all its responsibilities as a bank-protection scheme in accordance with statutory requirements and the articles of association.

Classification process

In order to implement the protection scheme statutes amendments adopted at the general meeting of members in September 2009, the basis of assessment was aligned with the Solvency Regulation (SolvV) at the beginning of 2010 and a new contribution category (A++) was introduced. This system therefore continues to use eight key figures relating to financial position, financial performance, and risk position to assign the member institutions to one of now nine categories (A++, A+, A, A–, B+, B, B–, C, and D) reflecting their individual credit standing.

The classification system is based on quantitative key figures, most of the data is taken from the member institutions' audited annual financial statements and audit reports. The discriminant power of this classification system – which was devised by the protection scheme and is now universally accepted – remains consistently high even over periods of several years. Under this system, the banks assigned to the A++ rating category are the least likely to need restructuring, while the institutions classified as rating category D are the most likely to require restructuring.

The modifications due to be made to the classification system in 2011 will focus on the requirements arising from the amended version of the Audit Report Directive (PrüfbV) dated November 23, 2009. This amended version contains structural changes to the supply of data that also impact on the provision of data for the classification system.

Preventive management

The focus of the protection scheme's work in recent years has been steadily shifting toward preventive management and averting the potential need for support measures.

Based on simulations, the results of the classification process and, increasingly, the individual key figures and their fluctuations constitute early-warning indicators, which are used to take specific preventive action as part of a comprehensive package of bank management and support measures.

Experience gained from restructuring projects has shown that emerging or already existing strategic weaknesses at an institution can subsequently lead to an existential crisis and, ultimately, to the need for restructuring. Effective preventive action must be taken as soon as any weaknesses are identified. The protection scheme analyzes any institutions that have come to its attention to ascertain the extent and severity of their problems and, liaising with the auditing association responsible, then initiates the appropriate action or activities within the scope allowed by the institution's statutes. The measures available in such cases range from monitoring the bank concerned by inspecting regular financial reporting documentation to taking action to ensure that a restructuring plan is prepared. This process ensures that the bank concerned is given the support that it needs to get back on a sound and sustainable financial footing, which includes taking any preventive action that may be required in the meantime.

In order to supplement the prevention phase enshrined in the relevant institution's statutes, the protection scheme has established a monitoring process that precedes the actual preventive action. During this process, the institution is analyzed to ascertain if there is anything conspicuous that might indicate potential threats at a very early stage.

Restructuring management

The work of the protection scheme in restructuring member institutions is firstly aimed at ensuring that these institutions' annual financial statements are able to receive an unqualified auditors' opinion, which it does by providing restructuring assistance. The next stage is to contractually agree appropriate measures – such as the preparation and systematic implementation of a restructuring plan – in order to ensure that the bank's business remains competitive and fit for purpose in the future while accommodating the interests of all members of the Cooperative Financial Network.

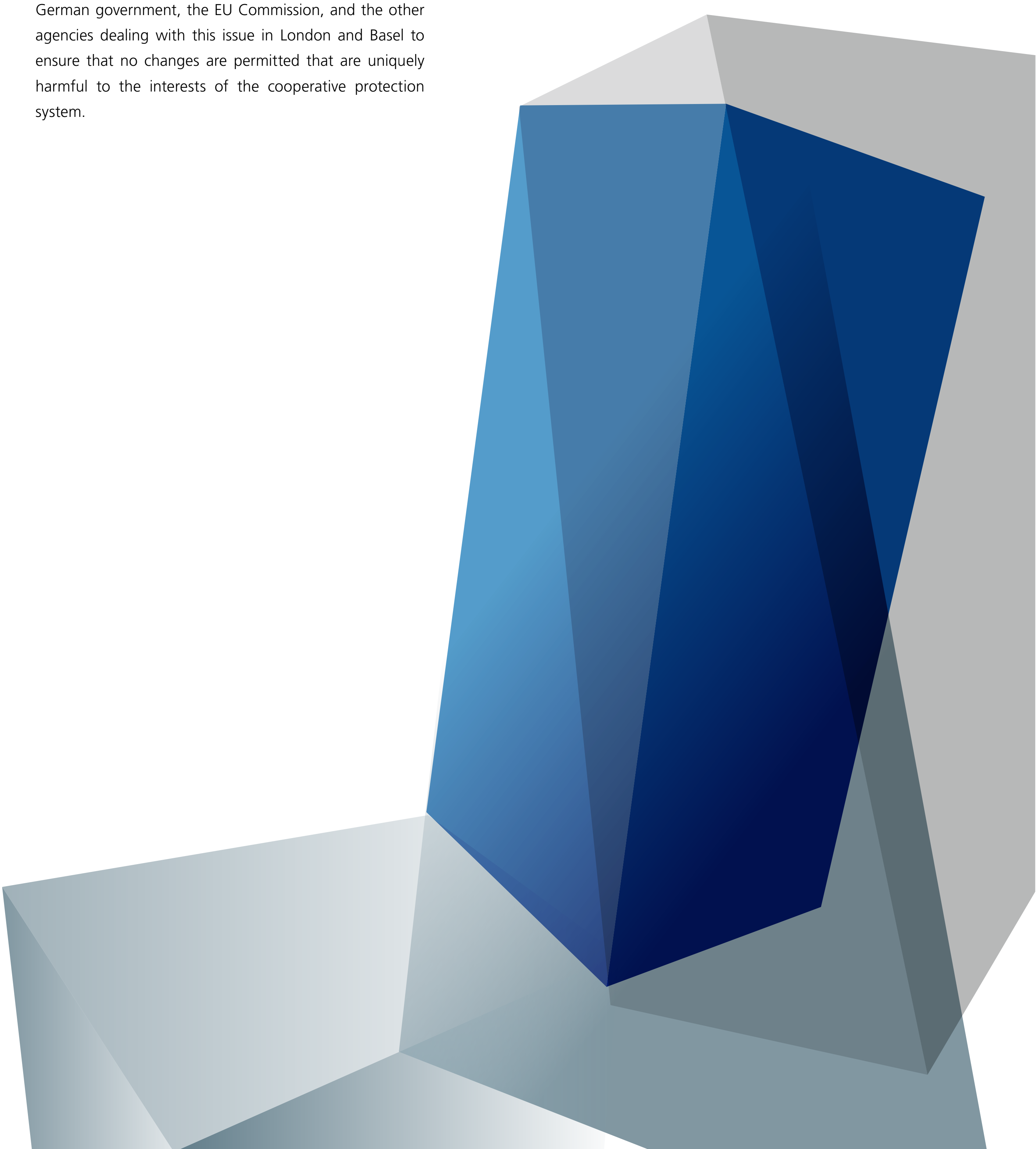
Fortunately there were once again no cases of any initial restructuring in 2010, and the (post-)restructuring amounts in need of protection remained well below the original estimates, which were already cautious. This further strengthened the protection scheme's capital base and again increased the funds at its disposal.

Owing to its exposure to complex structured financial products, one major member institution required support and assistance for protected securities portfolios in 2010. The aim of these measures was to stabilize its regulatory capital ratio. However, this transaction was not effectively utilized in 2010. The assistance provided for another major member was successfully terminated in 2010, also without the protection scheme's support having been effectively utilized.

Outlook

At present there is no sign of any scenarios resulting from the BVR protection scheme's remit – as defined in its statutes – that might present a material threat to the stability of the scheme. Given the healthy state of the German economy in particular, the level of support and assistance provided by the protection scheme is not expected to increase in 2011 either. Nonetheless, the rate of contributions paid into the guarantee fund – amounting to 1.2 ‰ (new basis of assessment) or 1.5 ‰ (old basis of assessment) – has not been changed for 2011. This is intended to adequately address the material and other aspects of the requirements expected to emerge from the ongoing discussions about the amendment to the EU directive on deposit guarantees.

The debate around this directive that has been raging at both the political EU level and in the German and European banking industries since the middle of 2010 will rumble on until well into 2011. As things stand at present, it seems certain that bank protection will be maintained as an equally important model for safeguarding consumers' interests when deposits are guaranteed. There are signs that the policy of preventive management that has been successfully pursued to date and, consequently, the early prevention of potential trouble at banks will continue to be allowed without any restrictions. This is likely to prevent any lasting damage from being inflicted on the bank-related protection system operated by the Cooperative Financial Network. However, the BVR will be forcefully expressing its views on this issue – which is of crucial importance to the well-being of the Cooperative Financial Network – to the German government, the EU Commission, and the other agencies dealing with this issue in London and Basel to ensure that no changes are permitted that are uniquely harmful to the interests of the cooperative protection system.



Outlook

Real economy and banking industry

The upturn in the German economy consolidated in the first half of 2011 and has now become a broad-based recovery. Although exports provided the growth stimulus at the beginning of the economic recovery, most of its growth is now being driven by domestic demand. Nonetheless, demand from abroad also continues to boost economic output. Whereas growth in the emerging markets is especially buoyant, the industrialized nations are only expanding at a moderate rate on average.

German economic output in the first quarter of 2011 grew at an extremely brisk 1.5 percent on a price-, calendar-, and seasonally adjusted basis compared with the corresponding period of last year. The German economy will not be able to sustain this growth rate, and much slower growth is expected over the remainder of the year. As in 2010, however, average economic growth for 2011 as a whole is likely to exceed 3 percent.

Domestic demand is being driven by spending on capital equipment. Production capacities throughout the economy are being fully utilized. Many industrial sectors are increasingly carrying out expansion investment in addition to replacement investment. Construction spending is also helping to boost growth, albeit to a much lesser extent. Consumer spending is also proving to be an increasingly important support for the economy. The robust labor market and the improved outlook for incomes are creating a virtuous circle of consumption, investment, and employment. In 2011 the average number of unemployed people is likely to fall below 3 million for the first time since 1991.

However, the economy does face certain downside risks. Global economic growth could slow significantly if growth in key emerging markets weakens or the recovery in major industrialized nations starts to falter. The sovereign debt crisis facing Europe's periphery states could also fuel uncertainty in the financial markets and act as a drag on the economy.

Although Germany's strong growth is enabling it to act as the euro zone's economic engine, the recovery is also gaining ground in its neighboring countries, while growth in the periphery states is still much weaker and economic output in Greece continues to fall. The euro area as a whole is largely likely to grow in line with its productive potential in 2011. Medium-term inflationary risks will be more pronounced than they were in 2010 as economic conditions return to normal. Consumer price inflation will hover above the key monetary policy level of 2 percent, although inflation should tend to fall back over the further course of 2011.

The European Central Bank was the first of the major central banks in the industrialized nations to respond to the change in the price outlook by starting to raise interest rates in April 2011. Given that credit and money supply growth is still low, we can expect policymakers to bring interest rates back up toward economically normal levels by raising them in several modest stages. Monetary policy will therefore remain strongly expansionary until the end of 2011. Long-term interest rates are also likely to remain at historically very low levels for the rest of the year. Assuming that further progress is made toward stabilizing the situation and helping to resolve the sovereign debt crisis in Greece and the other European periphery states over the course of 2011, we can expect to see German benchmark yields at the long end of the bond market edge up slightly.

Against this macroeconomic background the prospects for the banking industry present a mixed picture. The strong earnings potential offered by the growing corporate client business in Germany, the level of credit risk, which is partly determined by the benign economic situation and the performance of share prices on the stock market suggest a positive outlook for the German banking industry. The macroeconomic dislocations and the uncertainties thrown up by attempts to mitigate them constitute obstacles that need to be overcome during the urgently required process of building trust both in the banking industry but also within this industry. During this process the banks will be confronted with wide-ranging and costly new plans to regulate their business: these are essentially tighter capital and liquidity requirements (Basel III), additional disclosure rules for banks, the establishment of a restructuring fund ('bank levy'), and

– last but not least – a reform of the EU directive on deposit guarantees. The BVR demands that the proposed regulation should respect the principles of proportionality and allow for different types of business model.

Outlook
Volksbanken Raiffeisenbanken Cooperative Financial Network

After the exceptionally strong results achieved in 2010, the Cooperative Financial Network's **financial performance** for 2011 as a whole is expected to be slightly less impressive. Rising interest rates, additional regulatory requirements, further uncertainties unsettling financial market participants – especially against the backdrop of the sovereign debt crisis facing Western nations – and the intense and, at the same time, distorted nature of competition are all factors that have had an adverse impact on financial performance. Nonetheless, earnings will remain high in 2011. The Cooperative Financial Network is meeting these challenges by stepping up collaboration between the cooperative central institutions in order to reap further synergies and by involving the primary banks more closely in the group entities' process of developing products and services. The starting point for all business activities is the systematic identification of opportunities. Our surplus deposits and ample levels of capital in particular enable us to exploit the potential for increasing our volume of lending to private clients and medium-sized enterprises. The comprehensive product range and advisory services offered by the Volksbanken Raiffeisenbanken Cooperative Financial Network are highly appealing to customers. A recently launched project aimed at ensuring and optimizing the quality of advice offered will strengthen the primary banks' consumer-friendly position in the marketplace.

Net interest income is likely to fall slightly owing to rising interest rates and the consequent flattening of the yield curve. This decrease will be partly offset by the growing volume of new business and a further widening of margins. The benign economic conditions, the strategic focus on greater market penetration in corporate banking, and the targeted expansion of business with private clients will all have a positive impact. Market intervention in the form of prices set by banks that receive government support will continue to have an adverse effect.

Given the strength of the economy, the fairly benign risk situation is likely to continue in 2011, which should keep **allowances for losses on loans and advances** at a stable level.

One of the main drivers of **net fee and commission income** is the performance of prices in the capital markets. Despite the upside potential offered by price increases, there is a possible risk of margin pressures being exerted by competitors and of decreases in value being incurred on assets under management.

Gains on trading activities are likely to continue to decline owing to the normalization of market conditions against a backdrop of narrowing credit spreads. Consequently, gains on these activities are expected to be very modest. Nonetheless, the highly successful customer-related business in structured investment and risk management products will remain a solid basis underpinning this line item.

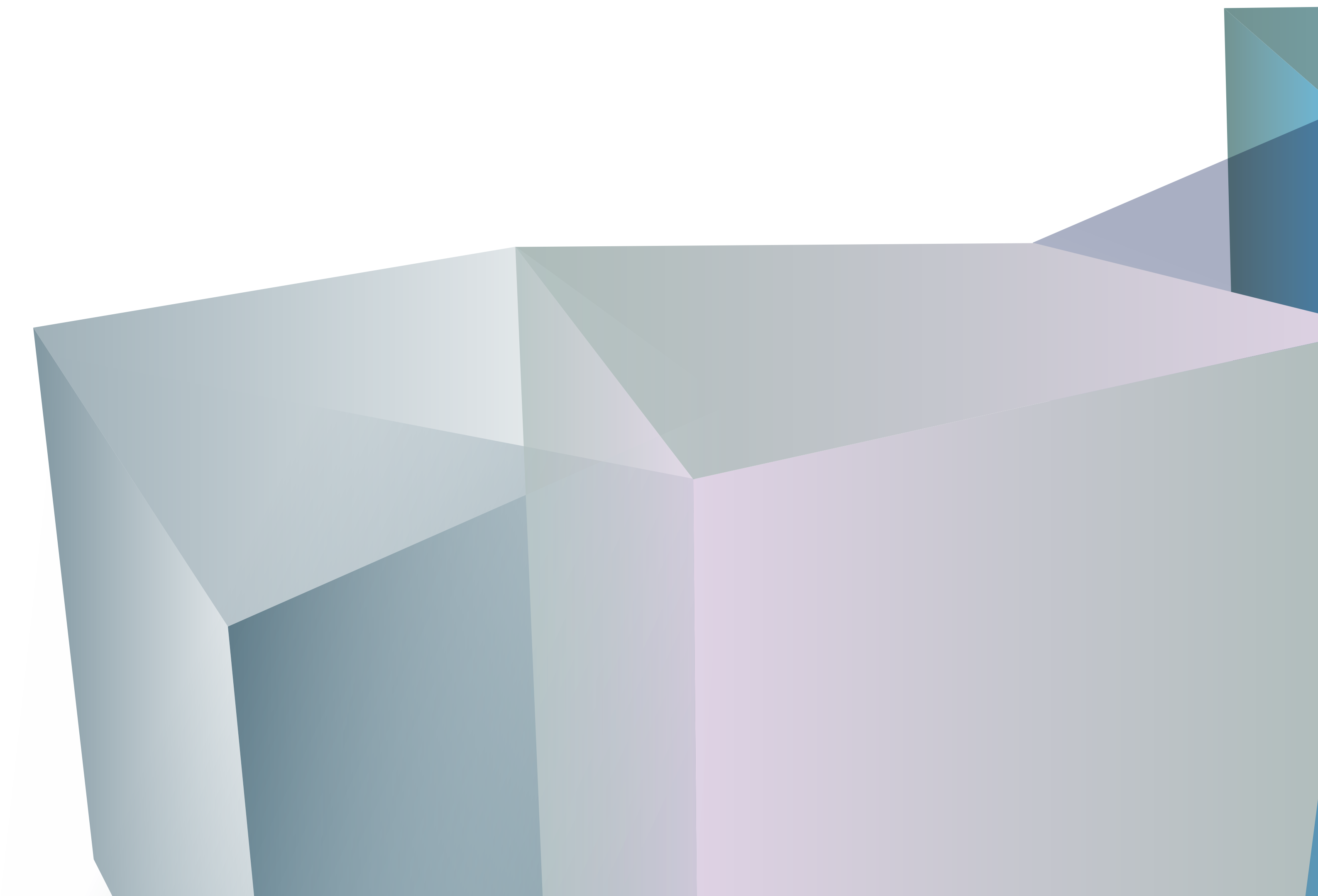
Lower impairment losses on securitization exposures are expected to be reported as part of the **gains and losses on investments.** However, impairment charges on European government bonds will probably be unavoidable.

Other losses on valuation of financial instruments are likely to reduce the net profit reported for 2011 because of impairment losses incurred in connection with the sovereign debt crisis affecting Europe's periphery states.

Growth in premiums will boost the **net income from insurance business** in 2011. As with premiums earned, net insurance business operating expenses will rise as a result of planned capital expenditure. Exceptional events in the capital markets or in underwriting, as well as changes to the legal framework, may adversely affect earnings targets.

Administrative expenses will be increased by the bank levy for the first time in 2011. A rise in staff expenses in line with collective pay agreements and inflationary increases in general and administrative expenses are also expected. The supporting measures and tools used to increase cost transparency and process optimization will be applied on a larger scale in order to limit the growth in administrative expenses.

As a key player in the German banking market the Volksbanken Raiffeisenbanken Cooperative Financial Network has been highly successful with its values-based business model in conjunction with its comprehensive multi-channel range of financial products and services. It pursues a compelling strategy under which the primary banks are fully focused on their customers and the business activities of the central institutions and specialized cooperative service providers remain focused on the primary banks' needs. The Cooperative Financial Network's risk position will remain comfortable and it will maintain ample capital resources. Its consistently strong earnings performance over the next few years will continue to enable it to fully comply with the more stringent regulatory requirements.



Consolidated financial statements 2010

of the Volksbanken Raiffeisenbanken
Cooperative Financial Network

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

	Note/No.	2010 Euro M	2009 Euro M	Change (percent)
Net interest income	2.	18,967	17,375	9.2
Interest income and current income and expense		*35,094*	*37,989*	*–7.6*
Interest expense		*–16,127*	*–20,614*	*–21.8*
Allowances for losses on loans and advances	3.	–879	–2,176	–59.6
Net fee and commission income	4.	5,015	4,574	9.6
Fee and commission income		*6,329*	*5,805*	*9.0*
Fee and commission expense		*–1,314*	*–1,231*	*6.7*
Gains and losses on trading activities	5.	1,279	1,692	–24.4
Gains and losses on investments	6.	–1,149	–107	>100.0
Other gains and losses on valuation of financial instruments	7.	–308	–48	>100.0
Premiums earned	8.	10,921	10,418	4.8
Gains and losses on investments held by insurance companies and other insurance company gains and losses	9.	2,835	2,449	15.8
Insurance benefit payments	10.	–11,645	–10,989	6.0
Insurance business operating expenses	11.	–1,492	–1,380	8.1
Administrative expenses	12.	–15,464	–15,231	1.5
Other net operating income	13.	33	72	–54.2
Profit/loss before taxes		**8,113**	**6,649**	**22.0**
Income taxes	14.	–2,024	–2,011	0.6
Net profit/loss		**6,089**	**4,638**	**31.3**
Attributable to:				
Shareholders of the Cooperative Financial Network		5,980	4,541	31.7
Non-controlling interests		109	97	12.4

Statement of comprehensive income for the period January 1 to December 31, 2010

	2010 Euro M	2009 Euro M	Change (percent)
Net profit/loss	**6,089**	**4,638**	**31.3**
Gains and losses on available-for-sale financial assets	–768	1,083	>100.0
Gains and losses on cash flow hedges	9	11	–18.2
Exchange differences on currency translation of foreign operations	22	–7	>100.0
Actuarial gains and losses on defined benefit plans	–293	–375	–21.9
Share of other comprehensive income/loss attributable to joint ventures and associates accounted for using the equity method	–13	–28	–53.6
Other comprehensive income/loss before taxes	**–1,043**	**684**	**>100.0**
Income taxes relating to components of other comprehensive income/loss	314	–132	>100.0
Other comprehensive income/loss	**–729**	**552**	**>100.0**
Total comprehensive income/loss	**5,360**	**5,190**	**3.3**
Attributable to:			
Shareholders of the Cooperative Financial Network	5,321	4,998	6.5
Non-controlling interests	39	192	–79.7

Balance sheet as at December 31, 2010

Assets

	(Note/No.)	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Cash and cash equivalents	15.	16,315	15,602	4.6
Loans and advances to banks	16.	40,136	40,411	–0.7
Loans and advances to customers	16.	583,326	560,433	4.1
Allowances for losses on loans and advances	17.	–10,709	–12,475	–14.2
Derivatives used for hedging (positive fair values)	18.	1,390	1,605	–13.4
Financial assets held for trading	19.	71,285	93,857	–24.0
Investments	20.	237,043	240,460	–1.4
Investments held by insurance companies	21.	55,338	50,475	9.6
Property, plant and equipment, and investment property	22.	10,388	10,075	3.1
Income tax assets	23.	6,325	6,065	4.3
Other assets	24.	9,476	10,005	–5.3
Total assets		**1,020,313**	**1,016,513**	**0.4**

Equity and liabilities

	(Note/No.)	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Deposits from banks	25.	109,658	107,170	2.3
Amounts owed to other depositors	25.	619,985	588,033	5.4
Debt certificates including bonds	26.	93,260	107,462	–13.2
Derivatives used for hedging (negative fair values)	18.	2,787	2,056	35.6
Financial liabilities held for trading	27.	49,892	75,499	–33.9
Provisions	28.	9,594	8,908	7.7
Insurance liabilities	29.	56,216	52,351	7.4
Income tax liabilities	23.	2,094	2,150	–2.6
Other liabilities	30.	7,602	7,878	–3.5
Subordinated capital	31.	6,984	7,428	–6.0
Cooperative network's capital		62,241	57,578	8.1
Subscribed capital		*9,377*	*9,037*	*3.8*
Capital reserves		*703*	*769*	*–8.6*
Retained earnings		*43,876*	*40,497*	*8.3*
Revaluation reserve		*–674*	*–183*	*>100.0*
Cash flow hedge reserve		*–19*	*–24*	*–20.8*
Currency translation reserve		*15*	*–20*	*>100.0*
Non-controlling interests		*2,983*	*2,961*	*0.7*
Unappropriated earnings		*5,980*	*4,541*	*31.7*
Total equity and liabilities		**1,020,313**	**1,016,513**	**0.4**

Changes in the cooperative network's capital

Euro M	Subscribed capital	Capital reserves	Capital earned by the Cooperative Financial Network	Revaluation reserve	Cash flow hedge reserve	Currency translation reserve	Cooperative network's capital before non-controlling interests	Non-controlling interests	Total cooperative network's capital
Cooperative network's capital as at Jan. 1, 2009	**8,974**	**770**	**41,226**	**–901**	**–32**	**–3**	**50,034**	**2,924**	**52,958**
Net profit/loss	–	–	4,541	–	–	–	4,541	97	4,638
Other comprehensive income/loss	–	–	–252	718	8	–17	457	95	552
Total comprehensive income/loss	**–**	**–**	**4,289**	**718**	**8**	**–17**	**4,998**	**192**	**5,190**
Cooperative network's capital issued and repaid	63	–1	–	–	–	–	62	–51	11
Changes in the scope of consolidation	–	–	14	–	–	–	14	18	32
Dividends paid	–	–	–491	–	–	–	–491	–122	–613
Cooperative network's capital as at Dec. 31, 2009	**9,037**	**769**	**45,038**	**–183**	**–24**	**–20**	**54,617**	**2,961**	**57,578**
Net profit/loss	–	–	5,980	–	–	–	5,980	109	6,089
Other comprehensive income/loss	–	–	–197	–502	5	35	–659	–70	–729
Total comprehensive income/loss	**–**	**–**	**5,783**	**–502**	**5**	**35**	**5,321**	**39**	**5,360**
Cooperative network's capital issued and repaid	340	–66	–	–	–	–	274	36	310
Changes in the scope of consolidation	–	–	80	11	–	–	91	53	144
Acquisition/disposal of non-controlling interests	–	–	10	–	–	–	10	–24	–14
Dividends paid	–	–	–458	–	–	–	–458	–82	–540
Other changes	–	–	–597	–	–	–	–597	–	–597
Cooperative network's capital as at Dec. 31, 2010	**9,377**	**703**	**49,856**	**–674**	**–19**	**15**	**59,258**	**2,983**	**62,241**

The table below gives a breakdown of subscribed capital.

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Cooperative shares	8,690	8,513	2.1
Share capital	169	207	–18.4
Capital of silent partners	518	317	63.4
Total	**9,377**	**9,037**	**3.8**

By analogous application of IAS 27 (2008), disposals of shares that do not involve a loss of control as well as acquisitions of non-controlling interests in consolidated subsidiaries are accounted for as transactions between cooperative network capital holders. Any differences resulting from the adjustment of non-controlling interests and the fair value of the consideration paid or received must be recognized directly in the cooperative network's capital. Since the financial year 2010, these changes in the cooperative network's capital have been reported separately in the statement of changes in the cooperative network's capital. In the comparative figures for 2009, changes in the cooperative network's capital arising from purchases and disposals of shares in consolidated subsidiaries that were accounted for by analogous application of the previous version of IAS 27 are included in the changes in the scope of consolidation.

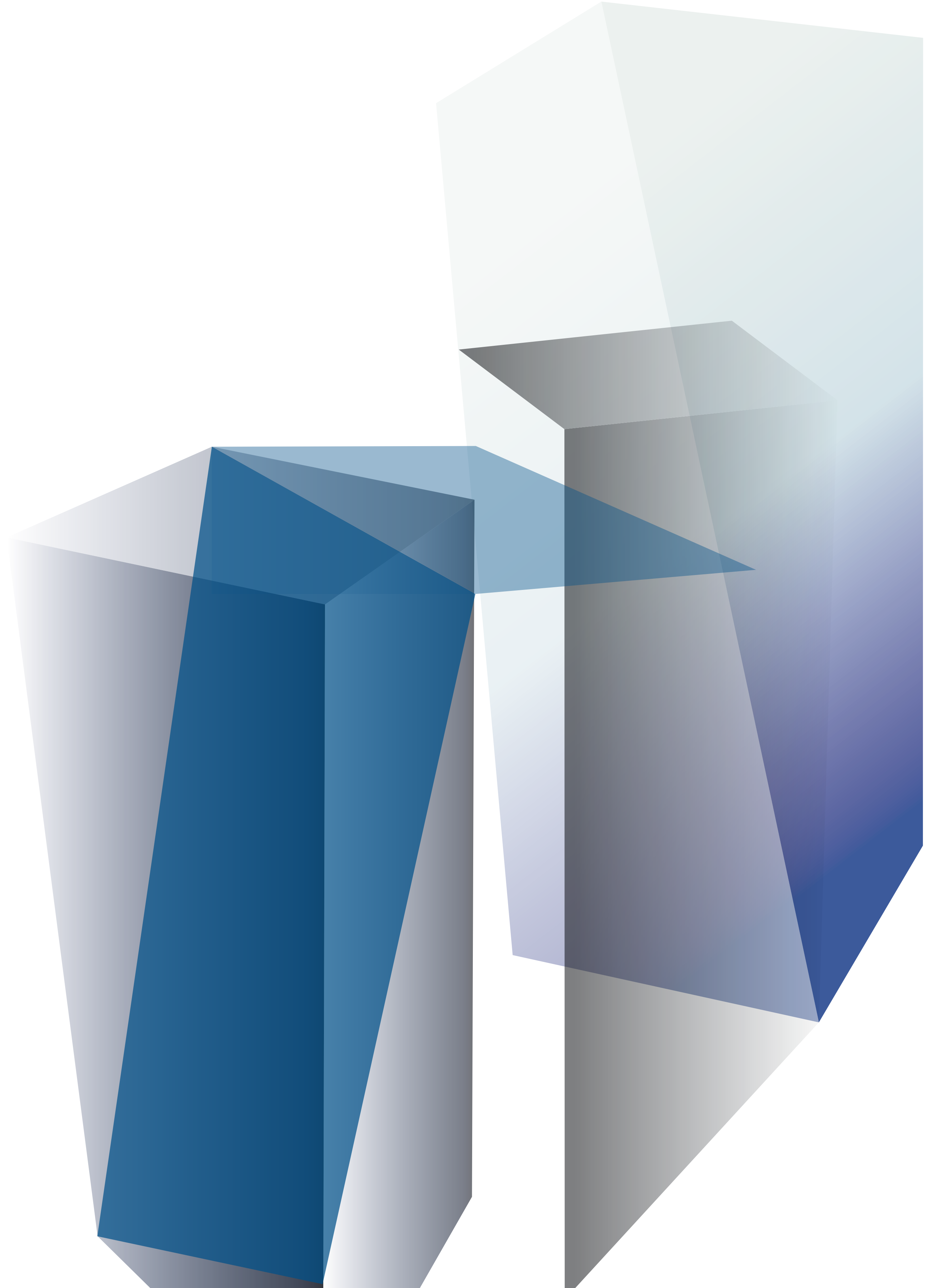
Statement of cash flows

	2010 Euro M	2009 Euro M
Net profit/loss	**6,089**	**4,638**
Non-cash items included in net profit/loss and reconciliation to cash flows from operating activities		
Depreciation, amortization, impairment losses, and reversal of impairment losses on assets, and other non-cash changes in financial assets and liabilities	1,916	1,516
Non-cash changes in provisions	685	915
Changes in insurance liabilities	6,053	6,128
Other non-cash income and expenses	5,041	2,483
Gains and losses on the disposal of assets and liabilities	1,145	110
Other adjustments (net)	–18,642	–17,645
Subtotal	**2,287**	**–1,855**
Cash changes in assets and liabilities arising from operating activities		
Loans and advances to banks and customers	–25,485	987
Other assets from operating activities	412	–151
Derivatives used for hedging (positive and negative fair values)	1,007	–1,233
Financial assets and financial liabilities held for trading	–2,454	–3,686
Deposits from banks and amounts owed to other depositors	33,574	25,183
Debt certificates including bonds	–13,951	–14,212
Other liabilities from operating activities	–2,728	–1,917
Interest, dividends and payments operating lease payments received	40,897	38,076
Interest paid	–20,849	–20,205
Income taxes paid	–1,818	–326
Cash flows from operating activities	**10,892**	**20,661**

	2010 Euro M	2009 Euro M
Proceeds from the sale of investments	15,526	30,932
Proceeds from the sale of investments held by insurance companies	30,495	22,055
Payments for acquisitions of investments	–18,770	–49,373
Payments for acquisitions of investments held by insurance companies	–35,104	–23,568
Payments for acquisitions of property, plant and equipment, and investment property (excl. assets subject to operating leases)	–887	–746
Changes in the scope of consolidation	17	1
Net change in cash and cash equivalents from other investing activities	–33	–62
Cash flows from investing activities	**–8,756**	**–20,761**
Proceeds from cooperative network's capital increased	310	63
Dividends paid to shareholders of the Cooperative Financial Network and non-controlling interests	–540	–613
Other payments to shareholders of the Cooperative Financial Network and non-controlling interests	–	–52
Net change in cash and cash equivalents from other financing activities (including subordinated capital)	–1,193	–644
Cash flows from financing activities	**–1,423**	**–1,246**
Cash and cash equivalents as at January 1	**15,602**	**16,948**
Cash flows from operating activities	10,892	20,661
Cash flows from investing activities	–8,756	–20,761
Cash flows from financing activities	–1,423	–1,246
Cash and cash equivalents as at December 31	**16,315**	**15,602**

The statement of cash flows shows the changes in cash and cash equivalents during the financial year. Cash and cash equivalents consist of cash on hand, balances with central banks and other government institutions as well as public-sector debt instruments and bills of exchange eligible for refinancing by central banks. The cash and cash equivalents do not include any financial investments with a maturity of more than three months at the date of acquisition. Changes in cash and cash equivalents are broken down into operating, investing and financing activities.

Cash flows from operating activities comprise cash flows mainly arising in connection with the revenue-generating activities of the Volksbanken Raiffeisenbanken Cooperative Financial Network or other activities that cannot be classified as investing or financing activities. Cash flows related to the acquisition and disposal of non-current assets are allocated to investing activities. Cash flows from financing activities include cash flows arising from transactions with cooperative network capital holders and from other borrowing to finance business activities.



Notes to the consolidated financial statements

General disclosures

Basis of preparation

The consolidated financial statements of the Volksbanken Raiffeisenbanken Cooperative Financial Network prepared by the National Association of German Cooperative Banks (BVR) are based on the regulations applicable to publicly traded companies in the European Union (EU). The BVR is under no legal obligation to prepare such consolidated financial statements. The cooperative shares and share capital of the local cooperative banks are held by their members. The local cooperative banks own the share capital of the central institutions either directly or through intermediate holding companies. The Cooperative Financial Network does not qualify as a corporate group as defined by the International Financial Reporting Standards (IFRS), the German Commercial Code (HGB) or the German Stock Corporation Act (AktG).

These consolidated financial statements have been prepared solely for informational purposes and to present the business development and performance of the Cooperative Financial Network, which is treated as a single economic entity in terms of its risks and strategies. These consolidated financial statements are not a substitute for analysis of the consolidated entities' financial statements.

The accounting policies applied in these consolidated financial statements are generally based on the International Financial Reporting Standards.

The underlying data presented in these consolidated financial statements is provided by the separate and consolidated financial statements of the entities in the Cooperative Financial Network and also includes data from supplementary surveys of the local cooperative banks. The consolidated financial statements of the DZ BANK Group and of the WGZ BANK Group included in these consolidated financial statements have been prepared on the basis of IFRS as adopted by the European Union.

As part of the preparation of these consolidated financial statements, the financial statements of the local cooperative banks and of the BVR protection scheme that are included and have been prepared in accordance with German Commercial Code have been brought into line with IFRSs. Thus, using a simplified approach, assets, liabilities, equity, income and expenses are reconciled to the carrying amounts that would have resulted from consistent application of IFRS.

As in the previous years, certain assumptions and simplifications have been used to prepare these consolidated financial statements. These assumptions and simplifications have been made using tried-and-tested methods and have been properly verified. These assumptions and simplifications have been used to eliminate intra-network line items in a way that reflects the unique structure oft the Cooperative Financial Network.

In the interest of clarity, some items on the face of the balance sheet and the income statement have been aggregated and are explained by additional disclosures. Unless stated otherwise, all amounts are shown in millions of euros (Euro M). All figures are rounded to the nearest whole number. This may result in very small discrepancies in the calculation of totals and percentages in these consolidated financial statements.

Scope of consolidation

The consolidated entities included in these consolidated financial statements are the 1,131 primary banks (2009: 1,149), the DZ BANK Group, the WGZ BANK Group, Münchener Hypothekenbank eG (MHB), and the BVR protection scheme. The consolidated primary banks include Deutsche Apotheker- und Ärztebank eG, the Sparda banks, the PSD banks, and specialized institutions such as BAG Bankaktiengesellschaft.

The primary banks and MHB are the legally independent, horizontally organized parent entities in the consolidated financial statements, whereas the other corporate groups and entities are consolidated as subsidiaries. The two cooperative central institutions and a total of 984 subsidiaries (2009: 1,018) have been consolidated in the DZ BANK Group and WGZ BANK Group.

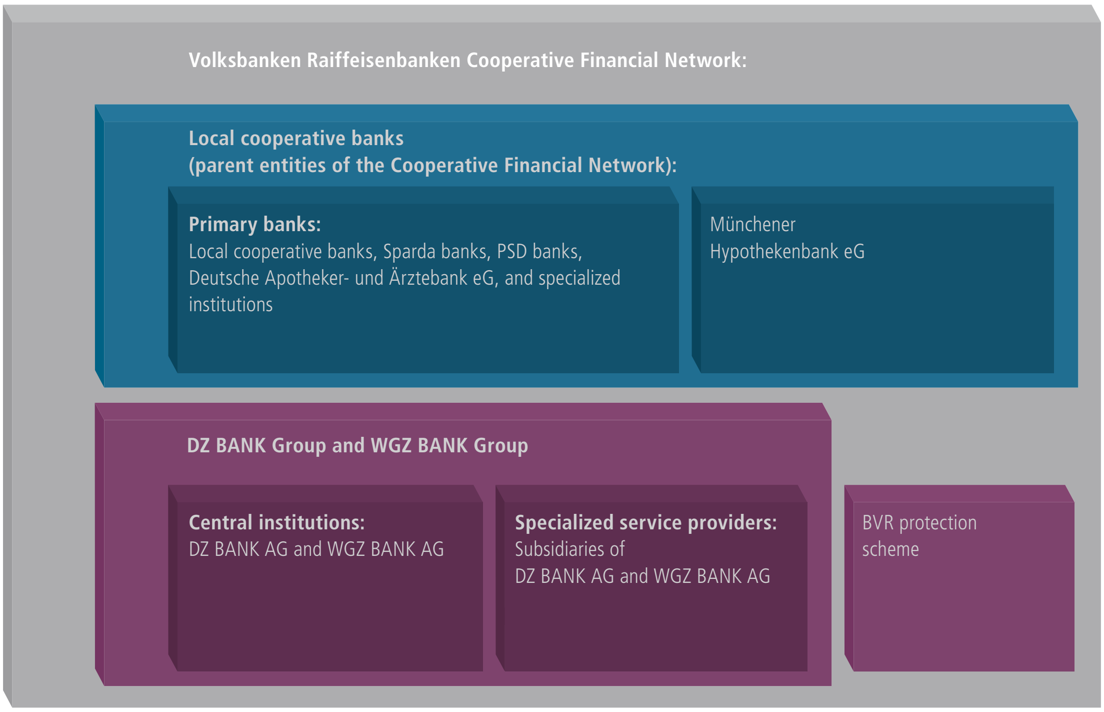
The consolidated financial statements include 24 joint ventures between a consolidated entity and at least one other non-network entity (2009: 20) and 12 associates (2009: 12) over which a consolidated entity has significant influence, that are accountedt for using the equity method.

Procedures of consolidation

Similar to IFRS 3 in conjunction with IAS 27, business combinations are accounted for using the purchase method by offsetting the acquisition cost of a subsidiary against the share of the equity that is attributable to the parent entities and remeasured at fair value on the relevant date when control is acquired. Any positive difference between these two amounts is recognized as goodwill under other assets and subjected to an annual impairment test. Any negative goodwill is recognized immediately in profit or loss. Any share of subsidiaries' net assets not attributable to the parent entities is reported as non-controlling interests within the cooperative network's capital.

Interests in joint ventures and investments in associates are accounted for using the equity method and reported under investments.

The consolidated subsidiaries have generally prepared their financial statements on the basis of a financial year ended December 31, 2010. There are 3 subsidiaries (2009: 3 subsidiaries) included in the consolidated financial statements with different reporting dates for their annual finan-



cial statements. With 4 exceptions (2009: 6 exceptions), the separate financial statements of the entities accounted for using the equity method are prepared to the same balance sheet date as that of the consolidated financial statements.

Assets and liabilities as well as income and expenses arising within the Cooperative Financial Network are offset against each other on the basis of certain assumptions and simplifications. Significant gains and losses arising from transactions between entities within the Cooperative Financial Network are eliminated.

Financial instruments

Financial instruments within the scope of IAS 39 are designated upon initial recognition to the categories defined in IAS 39 on the basis of their characteristics and intended use. IAS 39 defines the following categories:

Financial instruments at fair value through profit or loss

Financial instruments in this category are recognized at fair value through profit or loss. This category is broken down into two subcategories, as shown below.

Financial instruments held for trading

The "financial instruments held for trading" subcategory covers financial assets and financial liabilities that are acquired or incurred for the purpose of selling or repurchasing them in the near term, that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or that are derivatives, except for derivatives that are designated as effective hedging instruments as defined by IAS 39.

Financial instruments designated as at fair value through profit or loss: fair value option

Generally a financial assets and financial liabilities may be designated to the "financial instruments designated as at fair value through profit or loss" subcategory by exercising the fair value option, provided that the application of this option eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch), the financial assets and liabilities are managed as a portfolio on a fair value basis or they include one or more embedded derivatives required to be separated from the host contract. The Cooperative Financial Network uses this category on the basis of all the specified application criteria.

Held-to-maturity investments

The "held-to-maturity investments" category consists of non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. These investments are measured at amortized cost.

Loans and receivables

The "loans and receivables" category comprises non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost.

Available-for-sale financial assets

"Available-for-sale financial assets" are financial assets that cannot be classified in any other category. In principal they are measured at fair value. Any changes in fair value occurring between two reporting dates are recognized in other comprehensive income. The fair value changes are reported in the cooperative network's capital under the "revaluation reserve". If financial assets included in this category are sold, gains and losses recognized in the revaluation reserve are reclassified to the income statement.

Financial liabilities measured at amortized cost

The "financial liabilities measured at amortized cost" category mainly includes all financial liabilities within the scope of IAS 39 that are not held for trading or classified as liabilities measured at fair value through profit or loss.

Other financial instruments

Separate regulations apply to other financial instruments, such as insurance-related financial assets and financial liabilities, liabilities under financial guarantee contracts, and assets and liabilities arising from finance leases.

Cash and cash equivalents
This item comprises the cash and cash equivalents held by the Cooperative Financial Network. These include cash on hand, balances with central banks and other government institutions as well as public-sector debt instruments and bills of exchange eligible for refinancing by central banks.

Cash on hand comprises euros and other currencies measured at its face value or translated at the buying rate. Balances with central banks and other government institutions as well as public-sector debt instruments and bills of exchange eligible for refinancing by central banks are measured at amortized cost.

Loans and advances to banks and customers
All receivables attributable to registered debtors and not classified as "financial assets held for trading" are recognized as loans and advances to banks and customers. In addition to fixed-term receivables and receivables payable on demand in connection with lending, lease, and money market business, loans and advances to banks and customers include promissory notes and registered bonds.

Generally loans and advances to banks and customers are measured at amortized cost. In fair value hedges, the carrying amounts of hedged receivables are adjusted by the change in the fair value attributable to the hedged risk. To avoid accounting anomalies, certain loans and advances are designated as at fair value through profit or loss. Receivables under finance leases are measured at initial recognition in the balance sheet at an amount equal to the net investment in the lease at the inception of the lease. Lease payments are apportioned into a payment of interest and repayment of principal. The interest portion based on the internal discount rate of the lease transaction for a constant periodic rate of return is recognized as interest income, whereas the repayment of principal reduces the carrying amount of the receivable.

Interest income on loans and advances to banks and customers is recognized as interest income from lending and money market operations. This also includes gains and losses on the amortization of hedge adjustments to carrying amounts due to fair value hedges. Hedge adjustments are recognized within other gains and losses on valuation of financial instruments under gains and losses arising on hedging transactions. Gains and losses on loans and advances designated as at fair value through profit or loss are also recognized in other gains and losses on valuation of financial instruments.

Allowances for losses on loans and advances
Financial assets not measured at fair value through profit or loss have to be reviewed at each reporting date to determine whether there is objective evidence of impairment. If such objective evidence is available, specific allowances in the amount of the determined impairment loss requirement are recognized for financial assets. Financial assets with similar features for which impairment losses are not recognized on an individual basis are grouped into portfolios and assessed collectively for possible impairment. Impairment losses are calculated on the basis of historical default rates for comparable portfolios. If any impairment is identified, a portfolio loan loss allowance is recognized.

The allowance for losses on loans and advances to banks and to customers is reported as a separate line item on the assets side of balance sheet. Additions to and reversals of allowances for losses on loans and advances to banks and to customers are recognized in the income statement under allowances for losses on loans and advances to banks and customers.

The recognition of allowances for losses on loans and advances in the Cooperative Financial Network also includes changes in the provisions for loan commitments and liabilities from financial guarantee contracts. Additions to and reversals of these items are also recognized in the income statement under allowance for losses on loans and advances to banks and customers.

Derivatives used for hedging (positive and negative fair values)
Derivative financial instruments designated as hedging instruments in an effective and documented hedging relationship are recognized in these balance sheet items in accordance with IAS 39.

Changes in the fair value of hedging instruments used to protect the fair value of hedged items are recognized in the income statement. If the hedging instruments are intended as a cash flow hedge, changes in fair value attributable to the effective portion of the hedge are recognized as other comprehensive income.

Financial assets and financial liabilities held for trading
Financial assets held for trading include securities and loans and advances which are held for trading purposes as well as items related to commodities transactions. The loans and advances include promissory notes, registered bonds and money market receivables.

Financial liabilities held for trading include bonds issued and other debt certificates, delivery commitments arising from the short-selling of securities, liabilities and obligations from commodities transactions, all of which are entered into for trading purposes. Bonds issued and other debt certificates are share- and index-linked certificates, money market certificates and certificates of deposit. Liabilities result primarily from money market transactions.

Financial assets and financial liabilities held for trading also include derivatives with positive and negative fair values that were entered into for trading purposes or that do not meet the requirements for an accounting treatment as hedging instruments.

Generally gains and losses on financial instruments reported as financial assets or financial liabilities held for trading are recognized as gains and losses on trading activities. Financial assets and financial liabilities held for trading are recognized at fair value through profit or loss.

Gains and losses on the valuation of derivative financial instruments entered into for hedging purposes, but that do not meet the requirements for classification as a hedging instrument, are recognized under other gains and losses on valuation of financial instruments as gains and losses on derivation held for purposes other than trading. If, to avoid accounting mismatches, hedged items are classified as 'financial instruments designated as at fair value through profit or loss', the valuation gains and losses on the related derivatives concluded for economic hedging purposes are recognized under gains and losses on financial instruments designated as at fair value through profit or loss.

Investments
Generally investments include securities, shareholdings in subsidiaries and equity investments. Securities comprise bearer bonds and other fixed-income securities as well as shares and other non-fixed-income securities. Investments also include shares in unconsolidated subsidiaries. Equity investments consist of other shareholdings in companies in bearer or registered form where no significant influence exists, as well as interests in joint ventures and associates.

Investments are initially recognized at fair value. Shares, investments in subsidiaries, joint ventures and associates, and other shareholdings for which a fair value cannot be reliably determined or which are accounted for using the equity method are initially recognized at cost.

Property, plant and equipment, and investment property
Property, plant and equipment, and investment property comprise land and buildings, office furniture and equipment, and other fixed assets with an estimated useful life of more than one reporting period used by the Cooperative Financial Network. This item also includes assets subject to operating leases. Investment property is real estate held for the purposes of generating rental income or capital appreciation.

Property, plant and equipment, and investment property is measured at cost less cumulative depreciation and impairment losses in subsequent reporting periods.

Depreciation and impairment losses on property, plant and equipment, and investment property are recognized as administrative expenses. Reversals of impairment losses are reported under other net other operating income.

Income tax assets and liabilities

Current and deferred tax assets are shown under the income tax assets balance sheet item; current and deferred tax liabilities are reported under income tax liabilities. Current income tax assets and liabilities are recognized in the amount of any expected refund or future payment.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts recognized in the consolidated financial statements and those of assets and liabilities recognized in the financial statements for tax purposes. Deferred tax assets are also recognized in respect of as yet unused tax loss carryforwards, provided that utilization of these loss carryforwards is sufficiently probable. Deferred tax assets are measured using the national and company-specific tax rates expected to apply at the time of realization.

Deferred tax assets and liabilities are not discounted. Where temporary differences arise in relation to items recognized directly in the cooperative network's equity, the resulting deferred tax assets and liabilities are also recognized in other comprehensive income. Current and deferred tax income and expense to be recognized through profit or loss is reported under income taxes in the income statement.

Deposits from banks and amounts owed to other depositors

All liabilities attributable to registered creditors and not classified as "financial liabilities held for trading" are recognized as deposits from banks and amounts owed to other depositors. In addition to fixed-maturity liabilities and liabilities repayable on demand arising from the deposit, home savings and money market businesses, these liabilities also include registered bonds and promissory notes issued.

Deposits from banks and amounts owed to other depositors are measured at amortized cost. Where deposits from banks and amounts owed to other depositors are designated as a hedged item in an effective fair value hedge, the carrying amount is adjusted for any change in the fair value attributable to the hedged risk. To avoid accounting mismatches, certain liabilities are designated as at fair value through profit or loss.

Interest expense on deposits from banks and amounts owed to other depositors are recognized separately under net interest income. Interest expense also includes gains and losses on early repayment and on the amortization of hedge adjustments to carrying amounts due to fair value hedges. Hedge adjustments to the carrying amount due to fair value hedges are reported within other gains and losses on valuation of financial instruments under gains and losses arising on hedging transactions. Gains and losses on liabilities designated as at fair value through profit or loss are also recognized in other gains and losses on valuation of financial instruments.

Debt certificates including bonds

Debt certificates including bonds cover issued Pfandbriefe, other bonds and other debt certificates evidenced by paper for which transferable bearer certificates have been issued.

Debt certificates and gains and losses on these certificates are measured and recognized in the same way as deposits from banks and amounts owed to other depositors.

Provisions

Provisions are recognized for defined benefit obligations, within the context of the lending and home savings businesses, as well as for other uncertain liabilities to third parties.

Actuarial reports are used to calculate the carrying amounts of defined benefit obligations and other post-employment benefits. These include assumptions about long-term salary and pension trends and average life expectancy. Assumptions about salary and pension trends are based on past trends and take account of expectations about future labor market trends. Recognized biometric tables (mortality tables published by Professor Dr. Klaus Heubeck) are used to estimate average life expectancy. The discount rate used to discount future payment obligations is an appropriate market interest rate for high-quality fixed-income corporate bonds with a maturity equivalent to that of the defined benefit obligations. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions regarding defined benefit obligations and plan assets are recognized as other comprehensive income/loss in the financial year in which they occur.

Other provisions are measured based on the best estimate of the present value of their anticipated utilization, taking into account risks and uncertainties associated with the issues concerned as well as future events. The outflows of funds actually materializing in future may differ from the estimated utilization of provisions.

Provisions for loans and advances factor in the usual sector-specific level of uncertainty about amounts and maturity dates. Provisions relating to building society operations are recognized to cover the payment of any bonuses that may have been agreed in the terms and conditions of home savings contracts.

Subordinated capital
Subordinated capital comprises all debt instruments in bearer or registered form that, in the event of insolvency or liquidation, are repaid only after settlement of all unsubordinated liabilities but before distribution to shareholders of any proceeds from the insolvency or liquidation.

Subordinated capital comprises subordinated liabilities and profit-sharing rights as well as regulatory core capital not included in the cooperative network's capital, wich is recognized as hybrid capital. The share capital repayable on demand comprises non-controlling interests in partnerships controlled by companies in the Cooperative Financial Network. These non-controlling interests must be classified as subordinated.

Subordinated capital and gains and losses on these certificates are measured and recognized in the same way as deposits from banks and amounts owed to other depositors.

Cooperative network's capital
The cooperative network's capital represents the residual value of the network's assets minus its liabilities. Cooperative shares of the independent local cooperative banks and capital of silent partners are treated as economic equity in the consolidated financial statements and are recognized as cooperative network's capital. The cooperative network's capital thus comprises subscribed capital – consisting of cooperative shares or share capital and capital of silent partners – plus capital reserves of the local cooperative banks. It also includes the capital earned by the Cooperative Financial Network, the reserve resulting from the fair value measurement of available-for-sale financial assets (revaluation reserve), the cash flow hedge reserve, the currency translation reserve, and the non-controlling interests in the cooperative network's capital of consolidated subsidiaries.

Trust activities
Trust activities are defined as business transacted on one's own behalf for a third-party account. Assets and liabilities held as part of trust activities do not satisfy the criteria for recognition on the balance sheet.

Income and expenses arising from trust activities are recognized as fee and commission income or as fee and commission expenses. Income and expenses resulting from the passing-through and administration of trust loans are netted and are included in the fee and commission income earned from lending and trust activities.

Insurance business
Insurance business in the Cooperative Financial Network is generally reported under specific insurance items on the face of the income statement and balance sheet.

Financial assets and financial liabilities
Financial assets and financial liabilities held or entered into in connection with insurance operations are generally accounted for and measured in accordance with IAS 39. They are reported in the investments held by insurance companies, or in the other assets and other liabilities of insurance companies.

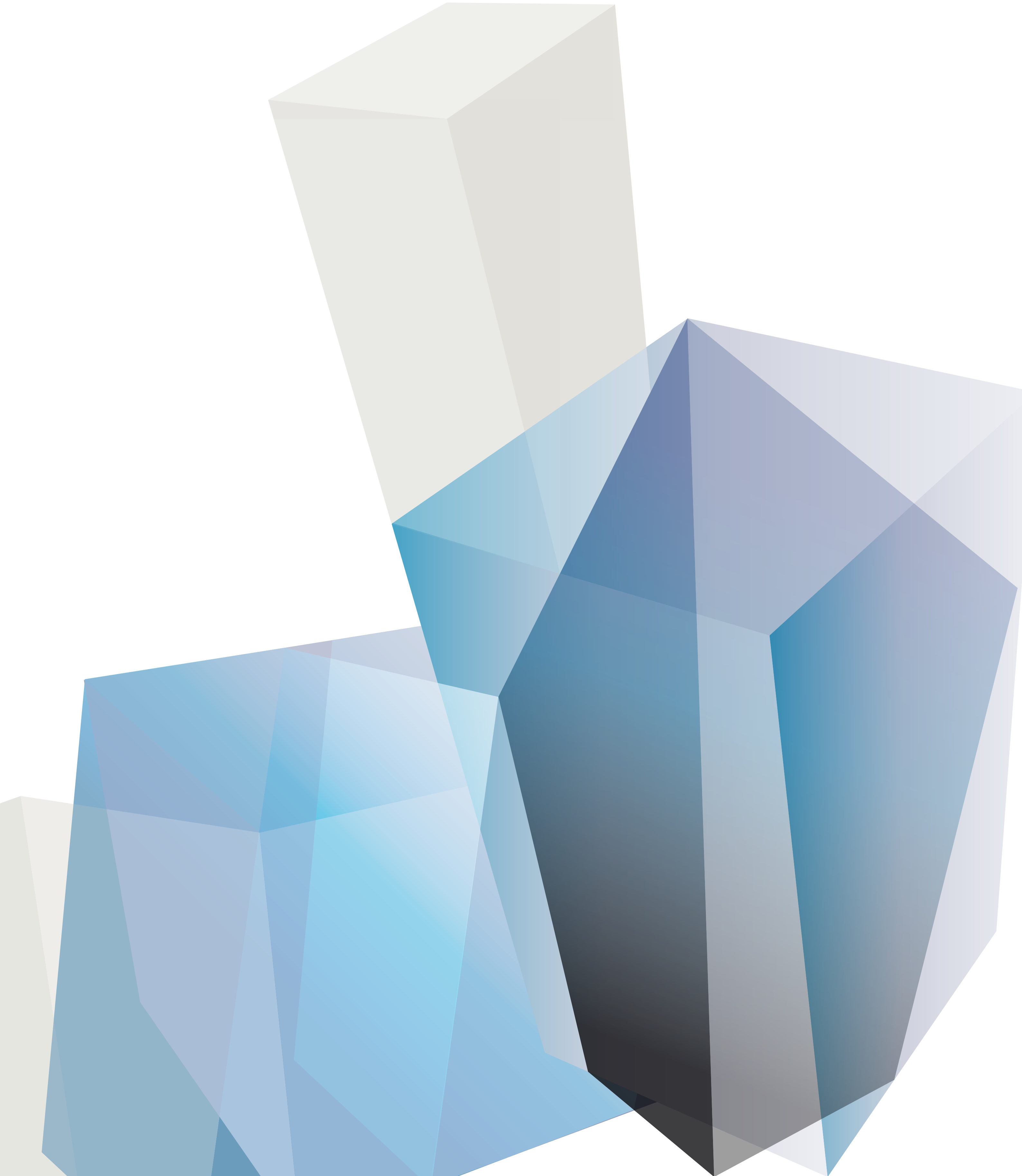
In addition to financial instruments within the scope of IAS 39, certain financial assets and financial liabilities are held as part of the insurance business and, as required by IFRS 4.25(c), are recognized in accordance with the provisions of the HGB and other German accounting standards applicable to insurance companies. These financial assets and financial liabilities include deposits with ceding insurers, deposits received from reinsurers, receivables and payables arising out of direct insurance operations, and assets related to unit-linked contracts.

Insurance liabilities

Under IFRS 4.13, insurance companies are permitted to continue applying existing accounting policies to certain insurance-specific items during a transition period. As required by IFRS 4.25(c), insurance liabilities are therefore recognized and measured in accordance with the provisions of the HGB and other German accounting standards applicable to insurance companies. Insurance-specific liabilities that do not meet the criteria for insurance contracts under IFRS 4 are reported under other liabilities. Insurance liabilities are shown before the deduction of the share of reinsurers, which is reported as an asset.

Leases

A lease is classified as a finance lease if substantially all the risks and rewards incidental to the ownership of an asset are transferred from the lessor to the lessee. If a lease is classified as a finance lease, a receivable due from the lessee is recognized at an amount equal to the net investment in the lease. Lease payments are apportioned into a payment of interest and repayment of principal. Revenue is recognized as interest income on an accrual basis.



Income statement disclosures

1. Information on operating segments

Financial year 2010 Euro M	Bank	Retail	Real Estate Finance	Insurance	Other/ Consoli-dation	Total
Net interest income	1,604	16,473	1,381	–	–491	18,967
Allowances for losses on loans and advances	–148	–625	–86	–	–20	–879
Net fee and commission income	554	5,107	–224	–	–422	5,015
Gains and losses on trading activities	1,184	116	–22	–	1	1,279
Gains and losses on investments	–452	–530	–231	–	64	–1,149
Other gains and losses on valuation of financial instruments	19	13	–342	–	2	–308
Premiums earned	–	–	–	10,921	–	10,921
Gains and losses on investments held by insurance companies and other insurance company gains and losses	–	–	–	3,051	–216	2,835
Insurance benefit payments	–	–	–	–11,645	–	–11,645
Insurance business operating expenses	–	–	–	–1,935	443	–1,492
Administrative expenses	–1,443	–13,806	–597	–	382	–15,464
Other net operating income	–43	45	41	–16	6	33
Profit/loss before taxes	**1,275**	**6,793**	**–80**	**376**	**–251**	**8,113**
Cost/income ratio (percent)	50.3	65.0	99.0	–	–	63.2

Financial year 2009 Euro M	Bank	Retail	Real Estate Finance	Insurance	Other/ Consoli-dation	Total
Net interest income	1,316	15,223	1,317	–	–481	17,375
Allowances for losses on loans and advances	–553	–1,375	–187	–	–61	–2,176
Net fee and commission income	501	4,663	–204	–	–386	4,574
Gains and losses on trading activities	1,443	272	–17	–	–6	1,692
Gains and losses on investments	–516	378	–88	–	119	–107
Other gains and losses on valuation of financial instruments	–14	–10	–21	–	–3	–48
Premiums earned	–	–	–	10,418	–	10,418
Gains and losses on investments held by insurance companies and other insurance company gains and losses	–	–	–	2,695	–246	2,449
Insurance benefit payments	–	–	–	–10,989	–	–10,989
Insurance business operating expenses	–	–	–	–1,782	402	–1,380
Administrative expenses	–1,451	–13,481	–594	–	295	–15,231
Other net operating income	–23	31	61	–3	6	72
Profit/loss before taxes	**703**	**5,701**	**267**	**339**	**–361**	**6,649**
Cost/income ratio (percent)	53.6	65.6	56.7	–	–	63.3

Definition of operating segments

The Volksbanken Raiffeisenbanken Cooperative Financial Network is founded on the underlying principle of decentralization. It is based on the local primary banks, whose business activities are supported by the two central institutions – DZ BANK AG Deutsche Zentral-Genossenschaftsbank (DZ BANK) and Westdeutsche Genossenschafts-Zentralbank AG (WGZ BANK) – and by specialized service providers within the cooperative sector. These specialized service providers are integrated into the central institutions. The main benefit derived by the primary banks from their collaboration with these specialized services providers and the central institutions is that they can offer a full range of financial products and services.

The Bank operating segment combines the activities of the Cooperative Financial Network in the corporate customers, institutional customers and investment banking businesses. The operating segment focuses on corporate customers. It essentially comprises DZ BANK, WGZ BANK, the VR LEASING Group, the DVB Bank Group, DZ BANK Ireland plc, WGZ BANK Ireland plc, and ReiseBank AG.

The Retail operating segment therefore covers private banking and activities relating to asset management. The segment focuses on retail clients. It mainly includes primary banks as well as the DZ PRIVATBANK, WGZ BANK Luxembourg S.A., TeamBank AG Nürnberg (TeamBank) and Union Investment Group.

The Real Estate Finance operating segment encompasses the home savings and loan operations, mortgage banking, and real-estate business. The entities allocated to this operating segment include Bausparkasse Schwäbisch Hall Group (BSH), Deutsche Genossenschafts-Hypothekenbank AG, WL BANK AG Westfälische Landschaft Bodenkreditbank, MHB, the WGZ Immobilien + Treuhand Group, and WGZ Immobilien + Management GmbH. VR Kreditwerk was included in the BSH Group in the financial year 2010 and is reported as part of the Real Estate segment. The previous year's figures were adjusted accordingly.

Insurance operations are reported under the Insurance operating segment. This operating segment consists solely of the R+V Group (R+V).

Other/Consolidation contains the BVR protection scheme, whose task is to avert impending or existing financial difficulties faced by member institutions by taking preventive action or implementing restructuring measures. This operating segment also includes intersegment consolidation items.

Presentation of the disclosures on operating segments

The information on operating segments presents the interest income generated by the operating segments and the associated interest expenses on a netted basis as net interest income.

In accordance with the Improvements to IFRSs (2009), disclosures regarding segment assets and segment liabilities are no longer required since financial year 2010. This change was incorporated retrospectively.

Intersegment consolidation

The adjustments to the figure for net interest income resulted largely from the consolidation of dividends paid within the Cooperative Financial Network.

The figure under Other/Consolidation for net fee and commission income relates specifically to the fee and commission business transacted between the primary banks, TeamBank, BSH, and R+V.

The figure under Other/Consolidation for administrative expenses includes the contributions paid to the BVR protection facility by member institutions of the Cooperative Financial Network.

The remaining adjustments are largely attributable to the consolidation of income and expenses.

2. Net interest income

	2010 Euro M	2009 Euro M	Change (percent)
Interest income and current income and expense	**35,094**	**37,989**	**–7.6**
Interest income from	***33,857***	***36,958***	***–8.4***
Lending and money market business	28,332	30,804	–8.0
of which: home savings loans	916	888	3.2
finance leases	362	382	–5.2
Fixed-income securities	5,787	6,335	–8.7
Other assets	–262	–181	44.8
Current income from	***1,068***	***1,155***	***–7.5***
Shares and other variable-yield securities	927	990	–6.4
Investments in subsidiaries and equity investments	67	82	–18.3
operating leases	74	83	–10.8
Income / loss from using the equity method for	***31***	***–196***	***>100.0***
Interests in joint ventures	58	27	>100.0
Investments in associates	–27	–223	–87.9
Income from profit-pooling, profit-transfer and partial profit-transfer agreements	***138***	***72***	***91.7***
Interest expense	**–16,127**	**–20,614**	**–21.8**
Interest expense on	***–15,495***	***–20,285***	***–23.6***
Deposits from banks and amounts owed to other depositors	–13,174	–16,620	–20.7
of which: home savings deposits	–655	–627	4.5
Debt certificates including bonds	–1,987	–3,417	–41.8
Subordinated capital	–427	–313	36.4
Other liabilities	93	65	43.1
Other interest expense	***–632***	***–329***	***92.1***
Total	**18,967**	**17,375**	**9.2**

The interest income from other assets and the interest expense on other liabilities result from gains and losses on the amortization of fair value changes of the hedged items in portfolio hedges of interest-rate risk.

3. Allowances for losses on loans and advances

	2010 Euro M	2009 Euro M	Change (percent)
Additions	–3,020	–3,894	–22.4
Reversals	2,334	1,944	20.1
Directly recognized impairment losses	–445	–350	27.1
Receipts from loans and advances previously impaired	275	193	42.5
Changes in the provisions for loans and advances as well as in the liabilities from financial guarantee contracts	–23	–69	–66.7
Total	**–879**	**–2,176**	**–59.6**

4. Net fee and commission income

	2010 Euro M	2009 Euro M	Change (percent)
Fee and commission income	**6,329**	**5,805**	**9.0**
Securities business	2,799	2,539	10.2
Asset management	150	140	7.1
Payments processing including card processing	2,135	1,716	24.4
Lending business and trust activities	185	215	–14.0
Financial guarantee contracts and loan commitments	162	162	–
Foreign commercial business	131	107	22.4
Building society operations	285	262	8.8
Other	482	664	–27.4
Fee and commission expense	**–1,314**	**–1,231**	**6.7**
Total	**5,015**	**4,574**	**9.6**

5. Gains and losses on trading activities

	2010 Euro M	2009 Euro M	Change (percent)
Gains and losses on trading in financial instruments	1,153	1,565	–26.3
Gains and losses on trading in foreign exchange, foreign notes and coins, and precious metals	–50	–38	31.6
Gains and losses on commodities trading	176	165	6.7
Total	**1,279**	**1,692**	**–24.4**

6. Gains and losses on investments

	2010 Euro M	2009 Euro M	Change (percent)
Gains and losses from securities	–1,134	–141	>100.0
Gains and losses from investments in subsidiaries and equity investments	–15	34	>100.0
Total	**–1,149**	**–107**	**>100.0**

7. Other gains and losses on valuation of financial instruments

	2010 Euro M	2009 Euro M	Change (percent)
Gains and losses arising on hedging transactions	**–5**	**–5**	**–**
Fair value hedges	***–1***	***–3***	***–66.7***
Gains and losses on hedging instruments	–618	–208	>100.0
Gains and losses on hedged items	617	205	>100.0
Cash flow hedges	***–4***	***–2***	***100.0***
Gains and losses on derivatives held for purposes other than trading	**440**	**–3**	**>100.0**
Gains and losses on financial instruments designated as at fair value through profit or loss	**–743**	**–40**	**>100.0**
Total	**–308**	**–48**	**>100.0**

8. Premiums earned

	2010 Euro M	2009 Euro M	Change (percent)
Net premiums written	**10,930**	**10,335**	**5.8**
Gross premiums written	11,104	10,521	5.5
Reinsurance premiums ceded	–174	–186	–6.5
Change in provision for unearned premiums	**–9**	**83**	**>100.0**
Gross premiums	–26	79	>100.0
Reinsurers' share	17	4	>100.0
Total	**10,921**	**10,418**	**4.8**

9. Gains and losses on investments held by insurance companies and other insurance company gains and losses

	2010 Euro M	2009 Euro M	Change (percent)
Interest income and current income	2,334	2,156	8.3
Administrative expenses	–99	–85	16.5
Gains and losses on valuation and disposals	418	242	72.7
Other gains and losses of insurance companies	182	136	33.8
Total	**2,835**	**2,449**	**15.8**

10. Insurance benefit payments

	2010 Euro M	2009 Euro M	Change (percent)
Expenses for claims outstanding	**–7,472**	**–7,086**	**5.4**
Gross expenses for claims outstanding	–7,615	–7,211	5.6
Reinsurers' share	143	125	14.4
Changes in benefit reserve, reserve for deferred policyholder participation, and in other insurance liabilities	**–4,173**	**–3,903**	**6.9**
Changes in gross liabilities	–4,157	–3,898	6.6
Reinsurers' share	–16	–5	>100.0
Total	**–11,645**	**–10,989**	**6.0**

11. Insurance business operating expenses

	2010 Euro M	2009 Euro M	Change (percent)
Gross expenses	–1,530	–1,422	7.6
Reinsurers' share	38	42	–9.5
Total	**–1,492**	**–1,380**	**8.1**

12. Administrative expenses

	2010 Euro M	2009 Euro M	Change (percent)
Staff expenses	–9,367	–9,196	1.9
General and administrative expenses	–5,213	–5,134	1.5
Depreciation/amortization and impairment losses	–884	–901	–1.9
Total	**–15,464**	**–15,231**	**1.5**

13. Other net operating income

	2010 Euro M	2009 Euro M	Change (percent)
Gains and losses on non-current assets classified as held for sale and disposal groups	–12	–	–
Other operating income	1,171	865	35.4
Other operating expenses	–1,126	–793	42.0
Total	**33**	**72**	**–54.2**

14. Income taxes

	2010 Euro M	2009 Euro M	Change (percent)
Current tax expense	–1,920	–1,796	6.9
Deferred tax expense	–104	–215	–51.6
Total	**–2,024**	**–2,011**	**0.6**

Current taxes in relation to the German limited companies are calculated using an effective corporation tax rate of 15.825 percent based on a corporation tax rate of 15.0 percent plus the solidarity surcharge. The effective rate for trade tax is 14.0 percent based on an average trade tax multiplier of 400 percent. The tax rates correspond to those for the previous year.

Deferred taxes must be calculated using tax rates expected to apply when the tax asset or liability arises. The tax rates used are therefore those that are valid or have been announced for the periods in question as at the balance sheet date.

The following table shows a reconciliation from expected income taxes to reported income taxes based on application of the current tax law in Germany:

	2010 Euro M	2009 Euro M	Change (percent)
Profit/loss before taxes	**8,113**	**6,649**	**22.0**
Notional rate of income tax in the Cooperative Financial Network (percent)	29.825	29.825	
Expected income taxes	**–2,420**	**–1,983**	**22.0**
Income tax effects	**396**	**–28**	**>100.0**
Impact of tax-exempt income and non-deductible expenses	248	49	>100.0
Adjustments resulting from other types of income tax, other trade tax multipliers, and changes in tax rates	15	52	–71.2
Tax rate differences on income subject to taxation in other countries	9	41	–78.0
Current and deferred taxes relating to prior periods	369	85	>100.0
Change in impairment losses on deferred tax assets	–353	–292	20.9
Other effects	108	37	>100.0
Recognized income taxes	**–2,024**	**–2,011**	**0.6**

Balance sheet disclosures

15. Cash and cash equivalents

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Cash on hand	5,204	5,268	–1.2
Balances with central banks and other government institutions	11,074	10,330	7.2
of which: with Deutsche Bundesbank	10,789	10,235	5.4
Public-sector debt instruments and bills of exchange eligible for refinancing by central banks	37	4	>100.0
Total	**16,315**	**15,602**	**4.6**

16. Loans and advances to banks and customers

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Loans and advances to banks	**40,136**	**40,411**	**–0.7**
Repayable on demand	***8,599***	***22,636***	***–62.0***
Other loans and advances	***31,537***	***17,775***	***77.4***
Mortgage loans	99	219[1]	–54.8
Local authority loans	6,678	8,370[1]	–20.2
Other loans and advances	24,760	9,186	>100.0
Loans and advances to customers	**583,326**	**560,433**	**4.1**
Mortgage loans	211,921	202,085	4.9
Local authority loans	48,007	48,265	–0.5
Building loans advanced by building society	22,182	20,663	7.4
of which: from allotment (home savings loans)	6,582	7,004	–6.0
for advance and interim financing	14,360	12,726	12.8
other building loans	1,240	933	32.9
Finance leases	5,036	5,295	–4.9
Other loans and advances	296,180	284,125	4.2

1 Amount restated

17. Allowances for losses on loans and advances

Euro M	Specific loan loss allowances	Portfolio loan loss allowances	Total
Balance as of Jan. 1, 2009	**10,762**	**1,362**	**12,124**
Additions	3,687	207	3,894
Utilizations	–1,587	–	–1,587
Reversals	–1,784	–200	–1,984
Other changes	2	26	28
Balance as of Dec. 31, 2009	**11,080**	**1,395**	**12,475**
Additions	2,919	101	3,020
Utilizations	–2,269	–	–2,269
Reversals	–2,117	–258	–2,375
Changes in the scope of consolidation	–1	6	5
Other changes	–97	–50	–147
Balance as of Dec. 31, 2010	**9,515**	**1,194**	**10,709**

18. Derivatives used for hedging (positive and negative fair values)

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Derivatives used for hedging (positive fair values)	**1,390**	**1,605**	**–13.4**
Fair value hedges	1,384	1,595	–13.2
Cash flow hedges	6	10	–40.0
Derivatives used for hedging (negative fair values)	**2,787**	**2,056**	**35.6**
Fair value hedges	2,759	2,035	35.6
Cash flow hedges	28	21	33.3

19. Financial assets held for trading

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Securities	**31,125**	**40,115**	**–22.4**
Bonds and other fixed-income securities	30,192	39,544	–23.6
Shares and other variable-yield securities	933	571	63.4
Derivatives (positive fair values)	**26,397**	**26,155**	**0.9**
Interest-linked contracts	21,053	21,860	–3.7
Currency-linked contracts	1,126	817	37.8
Share- and index-linked contracts	1,640	1,212	35.3
Credit derivatives	1,452	1,199	21.1
Other contracts	1,126	1,067	5.5
Loans and advances	**13,394**	**27,223**	**–50.8**
Inventories and trade receivables	**369**	**364**	**1.4**
Total	**71,285**	**93,857**	**–24.0**

20. Investments

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Securities	**232,897**	**235,788**	**–1.2**
Bonds and other fixed-income securities	190,345	198,778	–4.2
Shares and other variable-yield securities	42,552	37,010	15.0
Investments in subsidiaries	**1,881**	**1,941**	**–3.1**
Equity investments	**2,265**	**2,731**	**–17.1**
Interests in joint ventures	526	395	33.2
Investments in associates	218	336	–35.1
Other shareholdings	1,521	2,000	–24.0
Total	**237,043**	**240,460**	**–1.4**

21. Investments held by insurance companies

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Investment property	1,170	1,003	16.7
Investments in subsidiaries and associates	454	387	17.3
Mortgage loans	4,975	4,351	14.3
Promissory notes and loans	9,641	9,821	–1.8
Registered bonds	9,245	9,113	1.4
Other loans	1,620	1,461	10.9
Variable-yield securities	4,475	3,846	16.4
Fixed-income securities	18,480	15,610	18.4
Derivatives (positive fair values)	90	96	–6.3
Deposits with ceding insurers	149	182	–18.1
Assets related to unit-linked contracts	5,039	4,605	9.4
Total	**55,338**	**50,475**	**9.6**

22. Property, plant and equipment, and investment property

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Land and buildings	6,073	5,981	1.5
Office furniture and equipment	1,379	1,330	3.7
Assets subject to operating leases	1,488	1,181	26.0
Investment property	121	118	2.5
Other fixed assets	1,327	1,465	–9.4
Total	**10,388**	**10,075**	**3.1**

23. Income tax assets and liabilities

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Income tax assets	**6,325**	**6,065**	**4.3**
Current income tax assets	3,432	3,549	–3.3
Deferred tax assets	2,893	2,516	15.0
Income tax liabilities	**2,094**	**2,150**	**–2.6**
Current income tax liabilities	988	1,080	–8.5
Deferred tax liabilities	1,106	1,070	3.4

In addition to deferred tax assets recognized for tax loss carryforwards, deferred tax assets and liabilities are also recognized for temporary differences in respect of the items shown:

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M
Tax loss carryforwards	211	677		
Loans and advances to banks and customers (net)	234	199	825	722
Financial assets and liabilities held for trading, derivatives used for hedging (positive and negative fair values)	1,199	1,362	570	1,032
Investments	935	663	258	358
Investments held by insurance companies	157	83	293	257
Deposits from banks and amounts owed to other depositors	644	619	224	186
Debt certificates including bonds	185	127	91	55
Provisions	868	600	112	190
Insurance liabilities	319	287	455	436
Other balance sheet items	172	313	309	248
Total (gross)	**4,924**	**4,930**	**3,137**	**3,484**
Netting of deferred tax assets and deferred tax liabilities	–2,031	–2,414	–2,031	–2,414
Total (net)	**2,893**	**2,516**	**1,106**	**1,070**

24. Other assets

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Other assets held by insurance companies	3,326	3,672	–9.4
Goodwill	187	185	1.1
Software and other intangible assets	309	278	11.2
Prepaid expenses	384	404	–5.0
Other receivables	2,534	2,636	–3.9
Non-current assets and disposal groups classified as held for sale	146	68	>100.0
Fair value changes of the hedged items in portfolio hedges of interest-rate risk	1,664	1,576	5.6
Residual other assets	926	1,186	–21.9
Total	**9,476**	**10,005**	**–5.3**

25. Deposits from banks and amounts owed to other depositors

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Deposits from banks	**109,658**	**107,170**	**2.3**
Repayable on demand	8,047	8,064	–0.2
With agreed maturity or notice period	101,611	99,106	2.5
Amounts owed to other depositors	**619,985**	**588,033**	**5.4**
Savings deposits and home savings deposits	***222,463***	***206,650***	***7.7***
Savings deposits with agreed notice period of three months	159,801	142,947	11.8
Savings deposits with agreed notice period of more than three months	26,504	31,744	–16.5
Home savings deposits	36,158	31,959	13.1
Other amounts owed to other despositors	***397,522***	***381,383***	***4.2***
Repayable on demand	233,169	211,376	10.3
With agreed maturity or notice period	164,353	170,007	–3.3

26. Debt certificates including bonds

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Bonds issued	**88,570**	**103,342**	**–14.3**
Mortgage Pfandbriefe	21,476	21,264	1.0
Public-sector Pfandbriefe	30,934	36,750	–15.8
Other bonds	36,160	45,328	–20.2
Other debt certificates	**4,690**	**4,120**	**13.8**
Total	**93,260**	**107,462**	**–13.2**

27. Financial liabilities held for trading

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Bonds issued and other debt certificates	**11,769**	**13,395**	**–12.1**
Share- and index-linked certificates	10,126	9,618	5.3
Commercialpaper and certificates of deposit	1,643	3,777	–56.5
Derivatives (negative fair values)	**29,882**	**29,939**	**–0.2**
Interest-linked contracts	22,964	24,659	–6.9
Currency-linked contracts	1,490	952	56.5
Share- and index-linked contracts	2,745	2,407	14.0
Credit derivatives	1,495	1,197	24.9
Other contracts	1,188	724	64.1
Delivery commitments arising from short-selling of securities	**2,756**	**2,934**	**–6.1**
Liabilities	**5,451**	**29,197**	**–81.3**
Liabilities from commodities transactions and commodity lending	**34**	**34**	**–**
Total	**49,892**	**75,499**	**–33.9**

28. Provisions

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Provisions for defined benefit obligations	5,374	5,028	6.9
Provisions for loans and advances	492	366	34.4
Provisions relating to building society operations	380	345	10.1
Residual provisions	3,348	3,169	5.6
Total	**9,594**	**8,908**	**7.7**

Provisions for defined benefit obligations

The following table shows the breakdown of provisions for defined benefit obligations:

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Present value of defined benefit obligations not funded by plan assets	5,346	5,020	6.5
Present value of defined benefit obligations funded by plan assets	1,023	937	9.2
Present value of defined benefit obligations	**6,369**	**5,957**	**6.9**
less fair value of plan assets	–1,042	–1,034	0.8
Defined benefit obligations (net)	**5,327**	**4,923**	**8.2**
Recognized surplus	45	103	–56.3
Unrecognized surplus	2	2	–
Provisions for defined benefit obligations	**5,374**	**5,028**	**6.9**

The changes in the present value of the defined benefit obligations were as follows:

	2010 Euro M	2009 Euro M	Change (percent)
Present value of defined benefit obligations as at Jan. 1	**5,957**	**5,429**	**9.7**
Current service cost	93	134	–30.6
Interest cost	324	320	1.3
Pension benefits paid	–295	–278	6.1
Actuarial gains (–)/losses (+)	279	421	–33.7
Plan curtailments	–	–73	–100.0
Other changes	11	4	>100.0
Present value of defined benefit obligations as at Dec. 31	**6,369**	**5,957**	**6.9**

The following table shows the changes in plan assets:

	2010 Euro M	2009 Euro M	Change (percent)
Fair value of plan assets as at Jan. 1	**1,034**	**935**	**10.6**
Expected return on plan assets	36	39	–7.7
Contributions to plan assets	17	45	–62.2
Pension benefits paid	–49	–44	11.4
Actuarial gains (+)/losses (–)	–4	59	>100.0
Other changes	8	–	–
Fair value of plan assets as at Dec. 31	**1,042**	**1,034**	**0.8**

The following actuarial assumptions were used:

	Dec. 31, 2010 (percent)	Dec. 31, 2009 (percent)
Discount rate	5.00–5.50	5.25–5.50
Expected rate of return on plan assets	3.28	4.01
Salary increases	1.50–3.50	2.00–3.50
Pension increases	0.00–3.00	0.00–3.00
Staff turnover	1.00–7.00	1.40–10.00

29. Insurance liabilities

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Provision for unearned premiums	1,016	984	3.3
Benefit reserve	39,145	36,605	6.9
Provision for claims outstanding	6,115	5,465	11.9
Reserve for deferred policyholder participation	5,253	5,080	3.4
Other insurance liabilities	50	59	–15.3
Reserve for unit-linked insurance contracts	4,637	4,158	11.5
Total	**56,216**	**52,351**	**7.4**

30. Other liabilities

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Other liabilities of insurance companies	4,124	4,250	–3.0
Other liabilities and accruals	2,723	2,999	–9.2
Liabilities included in disposal groups	13	13	–
Fair value changes of the hedged items in portfolio hedges of interest-rate risk	180	–23	>100.0
Residual other liabilities	562	639	–12.1
Total	**7,602**	**7,878**	**–3.5**

31. Subordinated capital

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Subordinated liabilities	5,005	5,164	–3.1
Profit-sharing rights	1,558	1,870	–16.7
Other hybrid capital	374	347	7.8
Share capital repayable on demand	47	47	–
Total	**6,984**	**7,428**	**–6.0**

Other disclosures

32. Financial guarantee contracts and loan commitments

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Financial guarantee contracts	17,677	17,456	1.3
Loan commitments	52,088	46,558	11.9
Total	**69,765**	**64,014**	**9.0**

The amounts shown for financial guarantee contracts and loan commitments are the nominal values of the respective exposure.

33. Trust activities

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Trust assets	4,807	4,628	3.9
of which: trust loans	3,508	3,241	8.2
Trust liabilities	4,807	4,628	3.9
of which: trust loans	3,508	3,241	8.2

34. Asset management by the Union Investment Group

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Fund assets	**164,086**	**153,603**	**6.8**
Other types of asset management	**19,119**	**17,201**	**11.2**
Unit-linked asset management	–	28	–100.0
Institutional asset management	2,793	2,456	13.7
Advisory and outsourcing	16,326	13,055	25.1
Private banking	–	1,662	–100.0
Accounts managed by third parties	**–5,800**	**–5,139**	**12.9**
Total	**177,405**	**165,665**	**7.1**

As at the balance sheet date, the Union Investment Group (through Union Asset Management Holding) had total assets under management of Euro 177,405 million (December 31, 2009: Euro 165,665 million). The fund assets comprise equity funds, fixed-income funds, money market funds, mixed funds, other securities funds, capital preservation funds, real estate funds, alternative investment funds and hybrid funds issued by Union Investment Group.

In addition, Union Investment Group has assets under management within the scope of institutional asset management as well as advisory and outsourcing. The fund volume of funds that have been issued by Union Investment Group but whose portfolio management has been outsourced is shown as a deduction. The definition of assets under management is based on the aggregate statistics from the Federal Association of German Fund Management Companies (BVI).

35. Leases

The following table shows finance leases where the Cooperative Financial Network is the lessor:

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Gross investment	**5,748**	**6,087**	**–5.6**
Up to 1 year	1,810	1,857	–2.5
More than 1 year and up to 5 years	3,310	3,591	–7.8
More than 5 years	628	639	–1.7
less unearned finance income	**–709**	**–809**	**–12.4**
Net investment	**5,039**	**5,278**	**–4.5**
less present value of unguaranteed residual values	**–95**	**–81**	**17.3**
Present value of minimum lease payment receivables	**4,944**	**5,197**	**–4.9**
Up to 1 year	1,553	1,579	–1.6
More than 1 year and up to 5 years	2,869	3,101	–7.5
More than 5 years	522	517	1.0

As at the balance sheet date, the accumulated allowance for uncollectable minimum lease payments at lessor companies amounted to Euro 37 million (December 31, 2009: Euro 32 million).

The DVB Bank Group and the VR LEASING Group are active as finance lessors in the Cooperative Financial Network. The entities in the DVB Bank Group primarily enter into leases for ships, ship containers, aircraft, and aircraft engines. The real estate and equipment leases entered into with customers by the entities in the VR LEASING Group mainly comprise partial-payout leases, full-payout leases, and cancelable leases; these entities also enter into hire purchase agreements.

36. Capital requirements and capital ratios

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Total capital	**65,902**	**62,130**	**6.1**
Tier 1 capital	42,762	39,761	7.5
Tier 2 capital	25,949	24,270	6.9
Capital requirements	**38,522**	**38,340**	**0.5**
Tier 1 capital ratio (percent)	**8.9**	**8.3**	
Total capital ratio (percent)	**13.7**	**13.0**	

37. Changes in the contract portfolios held by Bausparkasse Schwäbisch Hall

	Not allocated		Allocated		Total	
	Number of contracts	Home savings sum Euro M	Number of contracts	Home savings sum Euro M	Number of contracts	Home savings sum Euro M
Balance as of Dec. 31, 2009	**5,905,960**	**185,133**	**1,160,090**	**30,067**	**7,066,050**	**215,200**
Additions in 2010 as a result of						
New contracts (redeemed contracts)[1]	853,771	26,662	–	–	853,771	26,662
Transfers	23,223	610	3,367	89	26,590	699
Allocation waivers and cancellations	7,859	247	–	–	7,859	247
Splitting	198,337	–	361	–	198,698	–
Allocations and acceptance of allocations	–	–	367,210	8,340	367,210	8,340
Other	123,364	3,892	80	6	123,444	3,898
Total	**1,206,554**	**31,411**	**371,018**	**8,435**	**1,577,572**	**39,846**
Disposal in 2010 as a result of						
Allocations and acceptance of allocations	–367,210	–8,340	–	–	–367,210	–8,340
Reductions	–	–816	–	–	–	–816
Termination	–319,466	–6,571	–251,085	–4,892	–570,551	–11,463
Transfers	–23,223	–610	–3,367	–89	–26,590	–699
Pooling[1]	–134,719	–	–6	–	–134,725	–
Expiration	–	–	–187,569	–4,905	–187,569	–4,905
Allocation waivers and cancellations	–	–	–7,859	–247	–7,859	–247
Other	–123,364	–3,892	–80	–6	–123,444	–3,898
Total	**–967,982**	**–20,229**	**–449,966**	**–10,139**	**–1,417,948**	**–30,368**
Net addition/disposal	238,572	11,182	–78,948	–1,704	159,624	9,478
Balance as at Dec. 31, 2010	**6,144,532**	**196,315**	**1,081,142**	**28,363**	**7,225,674**	**224,678**

1 Including increases

Volume of unredeemed contracts

	Number of contracts	Home savings sum Euro M
Contracts signed prior to Jan. 1, 2010	45,531	1,707
Contracts signed in 2010	242,055	8,790

38. Changes in the allocation assets of Bausparkasse Schwäbisch Hall

	2010 Euro M
Additions	
Amounts carried forward from 2009 (surplus)	
Amounts not yet disbursed	26,133
Additions in 2010	
Savings deposits (including credited residential construction bonuses)	8,257
Repayable amounts (including credited residential construction bonuses)[1]	2,296
Interest on home savings deposits	614
building society guarantee fund[2]	65
Total	**37,365**
Withdrawals	
Withdrawals in 2010	
Amounts allocated (if disbursed)	
Home savings deposits	4,516
Building loans	1,816
Repayment of deposits on non-allocated home savings contracts	843
Surplus of additions	
(Amounts not yet disbursed) at the end of 2010[3]	30,190
Total	**37,365**

1 Amounts repaid are the portion of the loan principal actually repaid.
2 Section 6 of the German Building and Loan Associations Act stipulates that income from the investment of funds earmarked for allocation that temporarily cannot be allocated must be transferred to the special building society guarantee fund in order to protect the interests of savers. Under IFRS accounting, this fund is included in retained earnings as part of the cooperative network's capital.
3 The surplus amounts allocated include:
a) undisbursed home savings deposits from allocated home savings contracts Euro 114 million
b) undisbursed home savings loans from funds allocated Euro 2,959 million

39. Cover statement for the mortgages and local authority loans extended by the mortgage banks

	Mortgage Pfandbriefe			Public-sector Pfandbriefe		
	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Ordinary cover	**39,427**	**37,480**	**5.2**	**60,445**	**65,970**	**–8.4**
Loans and advances to banks	62	73	–15.1	5,910	6,604	–10.5
of which: mortgage loans	62	73	–15.1	–	–	–
local authority loans	–	–	–	5,910	6,604	–10.5
Loans and advances to customers	39,300	37,342	5.2	34,541	34,196	1.0
of which: mortgage loans	39,300	37,342	5.2	1,287	1,377	–6.5
local authority loans	–	–	–	33,254	32,819	1.3
Investments consisting of bonds and other fixed-income securities	–	–	–	13,540	16,374	–17.3
Property, plant and equipment	65	65	–	6,454	8,796	–26.6
Extended cover	**3,868**	**4,779**	**–19.1**	**4,492**	**4,965**	**–9.5**
Loans and advances to banks	425	615	–30.9	2,641	2,807	–5.9
Investments consisting of bonds and other fixed-income securities	3,446	4,162	–17.2	1,840	2,153	–14.5
Derivatives held as cover	–3	2	>100.0	11	5	>100.0
Bank buildings held as cover	**85**	**–**	**–**	**–**	**–**	**–**
Total cover	**43,380**	**42,259**	**2.7**	**64,937**	**70,935**	**–8.5**
Pfandbriefe requiring cover	**–37,283**	**–34,787**	**7.2**	**–59,255**	**–66,129**	**–10.4**
Nominal excess cover	**6,097**	**7,472**	**–18.4**	**5,682**	**4,806**	**18.2**
Present value of excess cover	**8,113**	**9,052**	**–10.4**	**6,215**	**5,354**	**16.1**
Risk-related present value of excess cover	**6,997**	**7,714**	**–9.3**	**5,729**	**5,021**	**14.1**

The present value of excess cover is higher than the nominal excess cover because it includes an interest component.

Maturity structure of mortgage Pfandbriefe and public-sector Pfandbriefe in issue

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Mortgage Pfandbriefe	**37,283**	**34,787**	**7.2**
Up to 1 year	5,546	6,756	–17.9
More than 1 year and up to 5 years	19,732	17,125	15.2
More than 5 years and up to 10 years	9,104	7,776	17.1
More than 10 years	2,901	3,130	–7.3
Public-sector Pfandbriefe	**59,255**	**66,129**	**–10.4**
Up to 1 year	8,591	10,860	–20.9
More than 1 year and up to 5 years	25,613	28,083	–8.8
More than 5 years and up to 10 years	13,504	14,435	–6.4
More than 10 years	11,547	12,751	–9.4

Fixed-interest periods of cover assets

	Dec. 31, 2010 Euro M	Dec. 31, 2009 Euro M	Change (percent)
Mortgage Pfandbriefe	**43,380**	**42,259**	**2.7**
Up to 1 year	5,989	6,733	–11.1
More than 1 year and up to 5 years	21,083	19,318	9.1
More than 5 years and up to 10 years	13,437	13,292	1.1
More than 10 years	2,871	2,916	–1.5
Public-sector Pfandbriefe	**64,937**	**70,935**	**–8.5**
Up to 1 year	7,829	9,215	–15.0
More than 1 year and up to 5 years	28,902	30,946	–6.6
More than 5 years and up to 10 years	13,799	16,954	–18.6
More than 10 years	14,407	13,820	4.2

562 properties were in forced administration at the balance sheet date (December 31, 2009: 591). The mortgage loans held as cover include past-due payments totaling Euro 56 million (December 31, 2009: Euro 77 million).

Board of Managing Directors of the National Association of German Cooperative Banks (BVR)

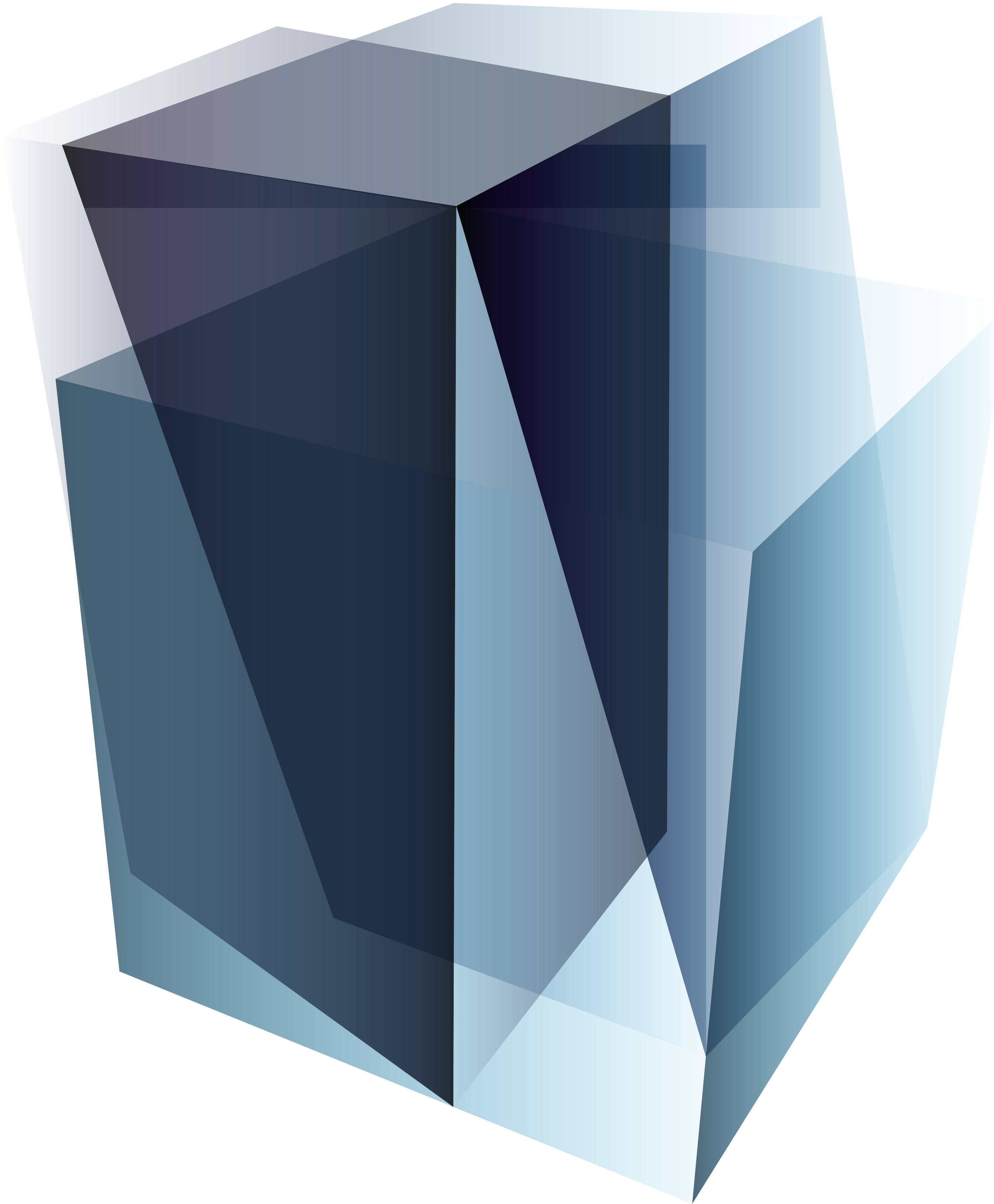
Uwe Fröhlich (President)
Gerhard P. Hofmann
Dr. Andreas Martin

Berlin, June 24, 2011

National Association of German Cooperative Banks (BVR)
BVR

Board of Managing Directors

Uwe Fröhlich Gerhard P. Hofmann Dr. Andreas Martin



Review Report (Translation)

To the National Association of German Cooperative Banks (BVR)

For the period from January 1 to December 31, 2010, the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (BVR) [National Association of German Cooperative Banks], Berlin, has voluntarily aggregated the data presented in the consolidated financial statements of DZ BANK AG Deutsche Zentral-Genossenschaftsbank and WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and in the separate financial statements of Münchener Hypothekenbank eG, the BVR protection scheme, and 1,131 primary banks, which have been prepared in accordance with German commercial law. The resultant aggregation of data is hereby referred to as the consolidated financial statements of the Volksbanken Raiffeisenbanken Cooperative Financial Network.

The BVR is under no legal obligation to prepare consolidated financial statements for the Volksbanken Raiffeisenbanken Cooperative Financial Network. The Cooperative Financial Network does not qualify as a corporate group as defined by IFRS, the German Commercial Code (HGB), or the German Stock Corporation Act (AktG). The consolidated financial statements of the Volksbanken Raiffeisenbanken Cooperative Financial Network have been prepared solely for information purposes and do not constitute consolidated financial statements either within the meaning of IAS 1.16 or as defined by German commercial law.

The consolidated financial statements of the Volksbanken Raiffeisenbanken Cooperative Financial Network incorporate the following components that have been aggregated on the basis of certain assumptions and simplifications: the consolidated income statement; the consolidated statement of comprehensive income; the consolidated balance sheet; the consolidated explanatory notes on changes in the cooperative network's capital; the consolidated statement of cash flows; and the notes to the consolidated financial statements for the period from January 1 to December 31, 2010.

The consolidated financial statements of the Volksbanken Raiffeisenbanken Cooperative Financial Network have been prepared on the basis of the accounting policies presented in the notes to the consolidated financial statements. The separate financial statements of Münchener Hypothekenbank eG, the BVR protection facility, and the primary banks, which have been prepared in accordance with German commercial law, have been aligned with the accounting policies presented in the notes to the consolidated financial statements and take account of appropriate and plausible assumptions. When the relevant data is aggregated, certain selected measures that reflect the unique structure of the Cooperative Financial Network are carried out to eliminate balance sheet and income statement items within the Cooperative Financial Network. The preparation of the consolidated financial statements of the Volksbanken Raiffeisenbanken Cooperative Financial Network is the responsibility of the BVR's Board of Managing Directors. Our responsibility is to issue a review report on the consolidated financial statements of the Volksbanken Raiffeisenbanken Cooperative Financial Network with respect to the aforementioned measures as part of the aggregation of the relevant data based on our review.

We reviewed the consolidated financial statements of the Volksbanken Raiffeisenbanken Cooperative Financial Network with respect to the measures and procedures used in the full consolidation of the aforementioned entities, the adequacy of the collection and aggregation of the data of the consolidated entities, the appropriateness of the measures taken based on certain assumptions and simplifications to eliminate transactions within the Cooperative Financial Network, the preparation of the consolidated financial statements in accordance with the accounting policies presented in the notes to the consolidated financial statements, and the transparent and appropriate presentation of the notes to the consolidated financial statements.

We conducted our review of the consolidated financial statements of the Volksbanken Raiffeisenbanken Cooperative Financial Network with respect to the aforementioned measures as part of the aggregation of the relevant data in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany]. Those standards require that we plan and perform our review such that, having conducted a critical assessment, we can with reasonable certainty exclude the possibility that the aforementioned entities have not been fully consolidated, the methods and procedures used to collect and aggregate the data of the consolidated entities are inappropriate, the measures taken based on certain assumptions and simplifications to eliminate transactions within the Cooperative Financial Network have been carried out inappropriately, the consolidated financial statements have not been prepared in accordance with the accounting policies presented in the notes to the consolidated financial statements, and that the presentation of the notes to the consolidated financial statements is intransparent or inappropriate. Our review was essentially restricted to interviews of employees and to analytical assessments and therefore does not offer the degree of certainty provided by an audit. As we did not conduct an audit under the terms of our engagement, we cannot issue an audit opinion.

Our review of the aforementioned measures as part of the aggregation of the relevant data used to prepare the consolidated financial statements of the Volksbanken Raiffeisenbanken Cooperative Financial Network did not reveal any findings that might lead us to conclude that the aforementioned entities have not been fully consolidated, the methods and procedures used to collect and aggregate the data of the consolidated entities are inappropriate, the measures taken based on certain assumptions and simplifications to eliminate transactions within the Cooperative Financial Network have been carried out inappropriately, the consolidated financial statements have not been prepared in accordance with the accounting policies presented in the notes to the consolidated financial statements, or that the presentation of the notes to the consolidated financial statements is intransparent or inappropriate.

Eschborn / Frankfurt/Main, July 19, 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Wagner
Wirtschaftsprüfer (German Public Auditor)

Müller
Wirtschaftsprüfer (German Public Auditor)

National Association
of German Cooperative Banks · BVR
Business policy & Communications
Schellingstraße 4 · 10785 Berlin
phone: +49 (0)30 20 21-1300
fax: +49 (0)30 20 21-1905
mail: presse@bvr.de
www.bvr.de

Primary banks	2010 Euro M	2009 Euro M	Change (percent)
Financial performance			
Net interest income	15,880	14,709	8.0
Net fee and commission income	4,182	3,956	5.7
Profit/loss on financial and commodities transactions[1]	–435	628	>100.0
Profit before taxes	6,169	5,321	15.9
Net profit	4,663	3,878	20.2
Cost/income ratio (percent)	65.8	65.8	
Net assets			
Loans and advances to banks	71,789	77,093	–6.9
Loans and advances to customers	407,710	392,687	3.8
Investments	193,599	190,514	1.6
Remaining assets	22,418	21,082	6.3
Financial position			
Deposits from banks	95,515	103,036	–7.3
Amounts owed to other depositors	505,778	481,793	5.0
Debt certificates including bonds	22,886	29,749	–23.1
Remaining liabilities	13,289	13,153	1.0
Cooperative network's capital	58,048	53,645	8.2
Total assets / total equity and liabilities	**695,516**	**681,376**	**2.1**
Volume of business[2]	**743,972**	**724,350**	**2.7**
Regulatory capital ratios under SolvV			
Tier 1 capital ratio (percent)	10.7	10.5	
Total capital ratio (percent)	14.7	14.0	
Employees as at Dec. 31	**158,200**	**158,300**	**–0.1**

1 Gains and losses on trading activities, gains and losses on investments
2 Total assets/total equity and liabilities, including financial guarantee contracts and loan commitments, and trust activities

BVR