

# Annual Report 2009

## Highlights of 2009

▶▶ **DAB bank generates solid pretax profit**

Despite the difficult market environment, DAB bank generated a pretax profit of approximately €33.6 million in 2009.

▶▶ **Best net financial income since the founding of DAB bank**

The record net financial income of more than €76 million was an important element of the pretax profit.

▶▶ **Proposed dividend payment**

At the annual shareholders' meeting to be held in 2010, the Managing Board and Supervisory Board will again propose distributing the full amount of net profit after taxes according to IFRS. Thus, the shareholders will receive a dividend of 30 cents per share.

▶▶ **DAB bank celebrates its 15th anniversary with a big product fireworks show**

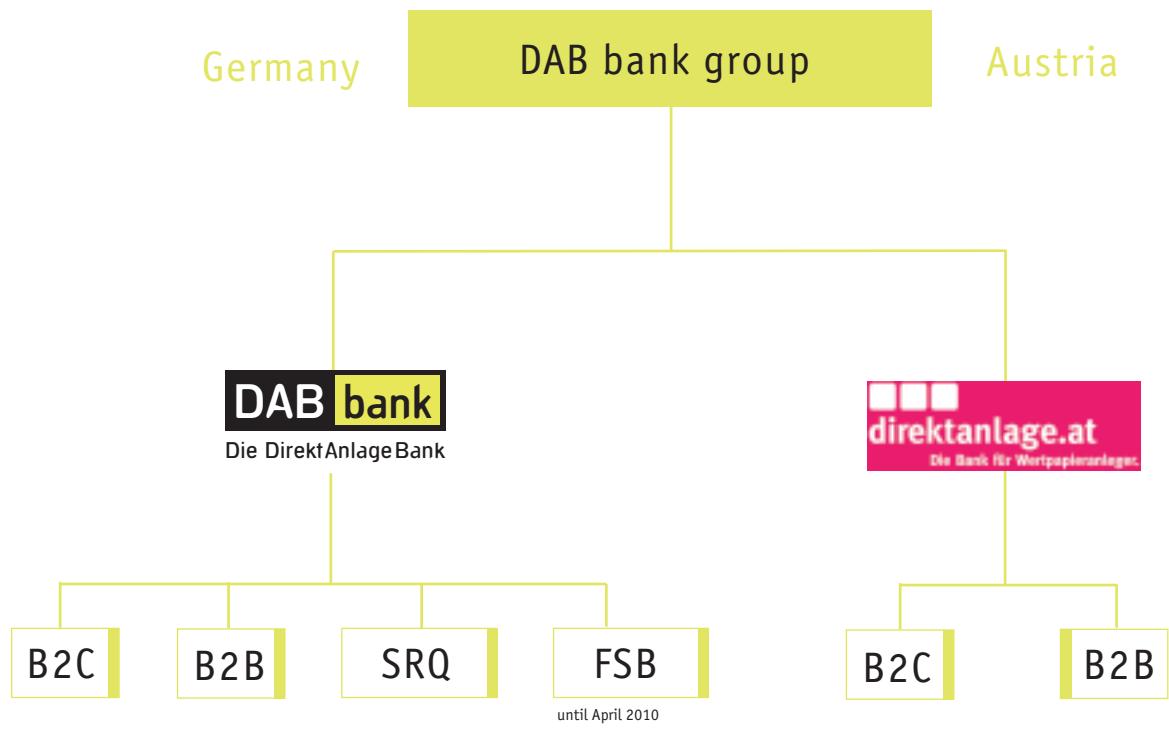
Founded as Germany's first discount broker in 1994, DAB bank is just as much a trendsetter now as it always was.

▶▶ **DAB bank on the winner's podium**

DAB bank's outstanding line-up of products and services was recognized with various awards in 2009, including Overall Winner in the Brokerage category of the big online broker test conducted by the newspaper Euro am Sonntag, as well as "Certificate Broker of the Year 2009" and "Best Provider of ETF-linked Savings Plans."

▶▶ **Satisfied customers thanks to optimal support and communications**

The customer satisfaction surveys conducted of DAB bank's B2C and B2B customers again yielded results on the highest level, both with respect to overall satisfaction and word-of-mouth recommendations.



## Key Figures of DAB bank Group (IFRS)

		2009	2008	Change in %	Page
<b>Results</b>					
Net commission income	k€	82,912	108,419	-23.5%	45, 80, 94, 96
Net financial income	k€	76,386	28,363	169.3%	45, 80, 94, 95, 96, 97
Administrative expenses	k€	119,885	129,206	-7.2%	46, 80, 97
Result before taxes	k€	33,575	11,487	192.3%	46, 80
Net profit	k€	23,310	8,486	174.7%	46, 80
Value-added	k€	76,737	52,659	45.7%	101
Cost-income ratio	in %	80.1	91.8	-12.7%	47, 116
Return on equity before taxes	in %	19.4	6.6	193.9%	-
<b>Balance Sheet</b>					
Total assets	€ mn	3,120.6	3,866.7	-19.3%	47, 81
Shareholders' equity	€ mn	181.2	165.2	9.7%	47, 81, 110
Overall ratio per SolvV	in %	14.5	10.8	34.3%	47, 118
<b>Share</b>					
Earnings per share	€	0.31	0.11	181.8%	45, 80, 101
Dividend per share	€	0.30	0.11	172.7%	45, 101
End of year share price (Xetra)	€	4.24	2.57	65.0%	21
Book value per share	€	2.10	1.90	10.5%	21
Dividend yield	in %	7.1	4.3	65.1%	21
Total shareholder return	in %	71.3	-56.5	226.2%	21
Market capitalization	€ mn	318.8	193.2	65.0%	21
<b>Key operating figures</b>					
Securities accounts	number	1,058,503	1,091,013	-3.0%	42, 43, 44
Volume of securities accounts and deposits	€ bn	27.23	23.16	17.6%	41, 42, 43, 44
Trades executed	number	6,650,480	9,235,034	-28.0%	42, 43, 44
Trades per securities account per year	number	6.21	8.43	-26.3%	43
<b>Employees</b>					
Employees (headcount)	number	663	712	-6.9%	48, 49
Employees (full-time basis)	number	595	646	-7.9%	48, 49

# Simple Transparent Fair: DAB bank

All traders, investors and independent asset managers who value fairness, transparency and simplicity conduct their banking business with DAB bank. We are the No. 1 direct bank for them.

We stand for the highest quality; we measure ourselves by the satisfaction, loyalty and activity of our customers.

## **We are the specialist:**

DAB bank is Germany's direct-bank specialist for investing. As the first online broker in the German market, we have been setting standards in the business of securities-related services for our customers and business partners since 1994. Whether for investors who like to operate on their own or for those who want some support and advice, we are the one-stop source for the highest-quality products and services in our core competencies of trading, investing and banking services. Thus, we are the perfect alternative to traditional branch banks.

## **We are unique:**

Backed by our unique combination of the best-possible, low-cost access to financial markets, on the one hand, and the most extensive network of independent, reputable asset managers, on the other hand, we continually impress our customers with the best advice and support tailored to their specific needs. We offer the prerequisites for the financial success of our customers. Also, we are an important member of the fast-growing European direct bank group within the UniCredit Group. As a result, our customers benefit from an unbeatably wide range of products and services.

## **We are fair, transparent and simple:**

To our customers, we are a fair and transparent partner for capital accumulation, preservation and appreciation. And we make the entire process as easy as possible. Our customers are free to choose the right products for them from our independent offering.

**We are the best direct bank for traders, investors and independent asset managers,  
and therefore the perfect alternative to traditional branch banks!**





◆◆◆ DAB bank AG launches IPO ◆◆◆

◆◆◆ DAB bank becomes the biggest discount broker in Europe ◆◆◆

◆◆◆ Real-time trading platform DAB Sekunden-Handel is made available on weekends as well ◆◆◆

◆◆◆ Best Direct Bank in the category of "Securities Accounts" according to the test survey of direct banks conducted by the magazine Geldidee ◆◆◆

1999



**Dear shareholders, customers and business partners:**

DAB bank turned 15 years old last May. Founded as Germany's first discount broker in 1994, DAB bank has repeatedly been a trend-setter since that time. For example, DirektAnlageBank was the first European broker to make it possible for its customers to trade securities on the internet, and the first bank to offer discounts on the front-end loads of mutual funds to investors in Germany. DAB bank celebrated another anniversary in 2009: the tenth anniversary of the DAB bank share, which was listed on the Frankfurt Stock Exchange for the first time in November 1999. That is reason enough to look back, in this Annual Report, both in the form of written commentary and images of all the annual reports that preceded this one. But the reason for looking back in this way is not to wallow in nostalgia and rest on our laurels. On the contrary, we are presenting "DAB one," a program for the future that will shape DAB bank in the coming years and enable us to continue setting trends in the German direct banking and brokerage business. But let us first briefly review the developments of fiscal year 2009.

**Strong in the crisis**

The stock market environment in 2009 was not the easiest in the 15-year history of DAB bank. For one thing, it offered many surprises for investors. While numerous stock market indexes, including the DAX, plumbed multi-year lows in March of last year, share prices have been rising continually since then, following an uptrend the likes of which have not been seen for some time. Not many individual investors benefited from this upswing, however, because too few of them took advantage of the low share prices early in the year to get into the market, as they were still too uncertain and afraid of renewed setbacks in the midst of a global economic crisis that had not yet been overcome. This attitude was reflected in the number of trades ordered by DAB bank customers in 2009, which declined by around 28%, from 9.24 million to 6.65 million. The number of trades executed for customers in the core business segments of individual investors (B2C) and independent financial services providers (B2B) declined by around 21%, from 5.21 million to 4.11 million.

Considering the difficult environment, it is all the more impressive for DAB bank to have generated a very solid pretax profit of €33.58 million in 2009, three times more than the pretax profit for fiscal year 2008, which was heavily influenced by the crisis, when the bank reported a pretax profit of only €11.49 million. The positive result for 2009 proves that DAB bank is perfectly positioned and capable of operating sustainably on a profitable basis even in the midst of adverse market trends.

The net profit after taxes amounted to €22.30 million. The Management Board and Supervisory Board will propose to the shareholders at the annual meeting that this profit be distributed in full again this year and to pay a dividend of 30 cents per share. As in prior years, this dividend will be tax-exempt.

The main reason behind DAB bank's successful performance was the record amount of net financial income generated in 2009, which came to €76.39 million, after €28.36 million in 2008, and also was much higher than the previous record performance in 2007 (€36.89 million). This increase affected both the net interest income, which rose from €54.55 million in the previous year to €64.73 million in 2009, and the profit from investments, which climbed to the record level of €10.94 million in 2009, due in no small part to the well diversified investment strategy pursued in the bank's treasury portfolio.

*Markus Gunter**Dr. Markus Walch*



The net commission income declined by 23.5% from the already depressed level of €108.42 million in 2008 to €82.91 million in 2009. This decline is a reflection of customers' continuing uncertainty and restraint with respect to engaging in securities trades. On the other hand, administrative expenses showed a positive development, due in large part to the practice of active cost management. The administrative expenses amounted to €119.89 million in 2009, 7.2% less than in 2008.

The sale of the former FondsServiceBank (FSB) segment to Fondsdepot Bank in Hof will enable DAB bank to further increase its profitability in the future. The technical migration of FSB will be completed as planned in the second quarter of 2010. As a result, DAB bank will be able to concentrate more on its two core business segments B2C and B2B.

The slight decrease in the number of securities accounts carried for customers to 1,058,508 resulted especially from planned account closures at FondsServiceBank. In the B2C segment, the number of securities accounts increased by around 8,000 to 511,526. Also, the volume of customer assets held in custody showed a heartening development, rising by 17.6% from €23.16 billion in 2008 to €27.23 billion in 2009, due not least of all to the positive performance of stock markets during the year.

#### **Innovative product offering, favorable terms**

Apart from its business results, DAB bank was just as successful in 2009 with regard to its offering of products and services, thanks in part to the attractive deals offered to our customers on the occasion of our 15th anniversary. Our product offering was honored with numerous awards and distinctions in 2009. For example, DAB bank emerged as the overall winner of the test survey conducted by the investor magazine Euro am Sonntag, which examined the product range and fees charged by online brokers in Germany. In the "Broker Elections" contest ([www.brokerwahl.de](http://www.brokerwahl.de)), in which again nearly 50,000 investors and traders participated in 2009, DAB bank took first place in the category of Certificate Broker and third place in the category of Mutual Fund Broker. Moreover, DAB bank impressively landed second place in the category of "Best Bank for Mutual Funds" in a test survey conducted jointly by the German Institute for Service Quality and the investor magazine Focus Money.

The media devoted particular interest to the subject of interest rates in 2009. Many criticized the fact that banks quickly adjusted the interest they paid on credit balances to reflect the general trend of interest rates, but did not lower the rates charged on loans, such as overdraft rates, for example. By contrast, a study conducted by the German consumer research institute Stiftung Warentest in the summer of 2009 revealed how fairly DAB bank treats its customers: Among the 57 banks examined in the study, DAB bank offered the lowest interest rate on current account overdrafts: 6.95%.

Exchange-traded funds (ETFs) are another good example of the fairness that characterizes our product offering. Many traditional banks do not actively offer these products due to their low profit margins. On the other hand, DAB bank again expanded its ETF offering substantially in 2009 and provided special information on this product category on its own website. Thus, it did not surprise us to learn that the trade magazine EXtra had named DAB bank the "Best Provider of ETF-linked Savings Plans" in 2009.

### **Satisfied customers thanks to optimal support and personal attention**

Also thanks to our excellent product offering, the customer satisfaction surveys that we conducted of our B2C and B2B customers in 2009 again yielded the highest results in terms of both overall satisfaction and referral values. That makes us proud, of course, but it also constitutes an obligation for us: We will not let up in our efforts to impress our customers further by means of personal attention and optimal support and by continuously improving our offering of products and services, so as to continue garnering such positive feedback from our customers.

Providing targeted, personalized support to our customers is very important to us. Thus, we have various teams in place to assist our customers in the way that best suits their individual needs, including our B2C and B2B customer service units, the VIP Trader Team and the Private Banking Team, which provide telephone advice to our customers. But we also like to meet with our customers face-to-face. To that end, we again held numerous "investment evenings" and other on-site events for our customers in 2009. We also met many of our customers around the country in connection with our seminar series for traders and stock market information events. In the B2B segment, the highlight was the Investment Congress held in late September, which again drew more than 1,000 independent financial services providers. We also assisted our B2B partners in their efforts to acquire new prospects and clients through new event concepts such as the "Financial Dialog," for example.

Our customer magazine DAB direkt is growing in popularity, as confirmed by the latest reader surveys. In fact, DAB bank ushered in a new era of "infotainment" with the November 2009 issue, which was distributed to our roughly 100,000 online subscribers along with an interactive e-magazine that exploited all possibilities of online communication. For example, readers could obtain background information with a mouse click, open specific presentations and directly order the products mentioned in the articles. As a special extra, readers can receive interviews and presentations by acclaimed experts also in the form of podcasts.

### **Successful subsidiaries**

Our two subsidiaries again made a valuable contribution to the success of DAB bank in 2009. Yet again, our subsidiary direktanlage.at AG impressively asserted its market leadership position in Austria. The bank's trading-savvy customers got into the market at an early stage, boosting the bank's trading numbers by around 7% over the previous year to 1.14 million in 2009. Our subsidiary direktanlage.at also registered further gains in the number of securities accounts carried for customers and in the volume of customer assets held in custody. This wholly-owned subsidiary of DAB bank generated a pretax profit of €11.28 million in 2009, the second-best profit in its history. After the sudden passing of Management Board member Bernhard Lackner last October, which saddened us greatly, Thorsten Schwarting, formerly the Head of Finance with DAB bank, will take over his seat and together with Management Board Chairman Ernst Huber will continue to write the success story of our Austrian subsidiary.

SRQ FinanzPartner AG, in which DAB bank holds an 81.61% equity interest, also performed very well in 2009, growing its customer base from 10,333 at year-end 2008 to 11,743 at year-end 2009 and further increasing the volume of customer assets held in custody from €1.09 billion to €1.37 billion.

### **DAB one: Our program for the future**

To perpetuate our success in the coming years, we have spent the last few months developing a market strategy that DAB bank will be implementing in the near future. Our new program for the future, which we call "DAB one", will help ensure that DirektAnlageBank is the first choice of investors and traders in Germany in the future as well. Thus, we will continue to focus our attention on this group of customers, who have made their home with DAB bank over the last 15 years.

The "one" in DAB one has several meanings. It signals to customers that DAB bank will continue offering more and more banking services from a single source. Thus, we will continue to add new products, services and functions to our already extensive offering of trading and investment products. In fact, we have already brought the first of these products to market. Only a few weeks ago, for example, we made it possible for our customers to use our FOREX currency trading system and trade even more SFDs at even more favorable terms.

We also intend to devote more attention to banking services. We will broaden our present offering of current accounts, call deposits accounts and bank cards by continually adding new savings and credit products, for example. We call this "one-stop shopping": That way, our customers can turn to us for all the services they normally require from a bank.

But DAB one has another meaning, as well: We are one bank. Thus, we will devote equal resources to upgrading our two key business segments B2B and B2C and intensively reap available synergies. As part of the new customer acquisition campaign that we launched in April 2009, for example, we targeted prospective customers in both segments for the first time ever. We appealed to individual investors by emphasizing the unbeatable prices for the benefits offered, compared to traditional banks, and we appealed to independent asset managers by emphasizing our advisory expertise. Another joint initiative of B2B and B2C was the successful "Portfolio Check" campaign that we conducted with the German news channel n-tv in the months from October to December 2009.

We plan to further intensify this cooperation. Already today, we offer a tailored solution to every customer. Those who prefer to take care of their own banking business have always been well served at DAB bank, with its broad-based information resources and extensive trading possibilities. On the other hand, those who prefer to have a "sparring partner," so to speak, with whom they can discuss their investment ideas, can turn to DAB bank's Private Banking Team. The members of that team also provide extensive telephone advice. Those customers who would like to delegate all their financial affairs completely to an advisor will find the right person in our extensive network of independent asset managers and financial advisors. That way, DAB bank can offer its customers "private banking for everyone": high-quality, impartial financial advice that goes far beyond what branch banks can offer today, not to mention at a much more reasonable cost.

Finally, "DAB one" also stands for the claim that we have never lost sight of since 1994: We are the best direct bank for traders, investors and independent asset managers and therefore the perfect alternative to traditional branch banks!



Markus Gunter  
Management Board member



Dr. Markus Walch  
Management Board member

**Dear shareholders:**

in fiscal year 2009, the Supervisory Board performed the duties incumbent on it by virtue of the applicable laws and regulations, the company's Articles of Incorporation and its internal rules of procedure. We advised the Management Board on the management of the company on a regular basis and supervised its activities. The Supervisory Board was consulted directly, at an early stage, on all decisions of fundamental importance for the company. The Management Board provided us with timely, detailed information on a regular basis, both orally and in writing, on matters of business planning, business developments, strategic development and the current situation of the Group. Variances between the actual business performance and the budget figures were explained to us individually. The Management Board coordinated the basic strategy of the company with us. Transactions of importance for the company were discussed with us in detail on the basis of reports presented by the Management Board. The Supervisory Board approved the draft resolutions of the Management Board after thorough review and deliberation.

In total, the Supervisory Board held four regular meetings and one special meeting. To the extent necessary, the Supervisory Board adopted resolutions by way of written proceedings. In the time between Supervisory Board meetings, the Supervisory Board Chairman was in regular contact with the Management Board and was informed of current developments and significant transactions. In special strategy meetings, the Chairman of the Supervisory Board discussed the prospects and future orientation of individual transactions with the Management Board.

The regular deliberations of the full Supervisory Board were devoted to the operating results and financial position of DAB bank AG, as well as significant projects in the areas of Marketing, IT, Operations and Personnel. At regular intervals, the Management Board provided us with detailed information on matters of business planning, strategic development, business developments and the current situation of DAB bank, as well as the developments in the areas of Compliance, Internal Audit, Legal Affairs and Risk Controlling. The Supervisory Board also made personnel decisions regarding the composition of the Management Board.

**Corporate Governance and Declaration of Conformity**

The Supervisory Board deliberated on the content of the German Corporate Governance Code and especially on the amendments that entered into effect on June 18, 2009. In December 2009, the Management Board and Supervisory Board deliberated on the requirements of the German Corporate Governance Code, issued the Declaration of Conformity pursuant to Section 161 AktG and made the Declaration permanently accessible to its shareholders on the company's website.

*Dr. Theodor Weimer**Jan Wohlschiess**Werner Allwang*



*Nikolaus Barthold*



*Gunter Ernst*



*Alessandro Foti*

## Management and supervision structure

### Supervisory Board

As a German stock corporation ("AG"), DAB bank is subject to the German law of stock corporations and therefore possesses a dual structure of management and supervision functions, which are performed by members of the Management Board and by members of the Supervisory Board, respectively. In accordance with the German One-Third Employee Representation Act, two thirds of the members of the Supervisory Board represent the shareholders and one third of them represent the employees.

The Supervisory Board supervises and advises the Management Board on the conduct of business. The Supervisory Board discusses the business development, business plan and strategy and the implementation thereof at regular intervals of time. It deals with the quarterly, semiannual and annual reports and adopts the consolidated financial statements of DAB bank Group and the separate financial statements of DAB bank AG after due consideration of the audit reports of the independent auditor and the results of the review conducted by the Audit Committee. As part of its duties, it also monitors the company's compliance with the applicable laws, governmental regulations and the company's internal guidelines.

Other duties of the Supervisory Board include the appointment of members to the Management Board. Key Management Board decisions – such as larger acquisitions, disinvestments and financing measures – require the consent of the Supervisory Board. The Supervisory Board has adopted internal rules of procedure to govern the work of the Management Board, including in particular the divisional responsibilities of individual Management Board members, and to specify what matters are reserved for the full Management Board and the required majority for passing Management Board resolutions. The internal rules of procedure of the Supervisory Board require the formation of committees. There are currently two committees. Their duties, responsibilities and procedures are conformant with the requirements of the German Corporate Governance Code. The respective committee chairmen report to the Supervisory Board on the work of their committees on a regular basis.

The Executive Committee is composed of the Chairman, the Vice Chairman and a Supervisory Board member elected by the Supervisory Board. The Chairman of the Supervisory Board is regularly the Chairman of the Executive Committee and the Vice Chairman of the Supervisory Board is regularly the Vice Chairman of the Executive Committee. The Executive Committee performs the duties of a compensation committee, to the extent that German law does not require such matters to be handled by the full Supervisory Board. In particular, the Executive Committee submits proposals for the appointment of Management Board members, handles the employment contracts with Management Board members and prepares the draft resolution on the adoption of Management Board compensation to be voted on by the full Supervisory Board, and periodically reviews the compensation system of the Management Board. In addition, the Executive Committee performs the duties of a nominating committee and makes recommendations to the shareholder representatives on the Supervisory Board concerning the proposals to be made to the annual shareholders' meeting regarding the election of shareholder representatives to the Supervisory Board by the meeting. Moreover, the Executive Committee adopts resolutions in lieu of the Supervisory Board concerning the approval of transactions and actions that require the consent of the Supervisory Board.

The Audit Committee is composed of the Vice Chairman of the Supervisory Board, as its Chairman, the Chairman of the Supervisory Board as its Vice Chairman and a Supervisory Board member elected by the Supervisory Board. In accordance with German law, the Audit Committee must include at least one independent member of the Supervisory Board who possesses expert knowledge in the areas of financial accounting or the auditing of financial statements. The Audit Committee supervises the financial accounting process. Together with the independent auditor, the Audit Committee discusses the quarterly, semiannual and annual financial statements prepared by the Management Board. Based on the report of the independent auditor on the results of the audit of the annual financial statements, the Audit Committee makes proposals concerning the adoption of the annual financial statements by the Supervisory Board. It concerns itself with the company's risk monitoring system and monitors the effectiveness of its internal control system, especially as it relates to financial reporting, as well as the effectiveness of the risk management system and internal audit system. The Internal Audit Department reports to the Audit Committee on a regular basis. Furthermore, the Audit Committee oversees the audit of the annual financial statements, including in particular the independence and qualifications of the independent auditor and its services. In addition, the Audit Committee monitors compliance with applicable laws, governmental regulations and the company's internal guidelines.

### **Management Board**

As the executive arm of the company, the Management Board is bound by duty to serve the company's interest and sustainably increase the company's value. The members of the Management Board jointly bear responsibility for the overall management and make decisions on fundamental questions of business policy and strategy, as well as annual budgets and multi-year business plans.

The Management Board is responsible for preparing the company's quarterly and semiannual financial statements, as well as the consolidated financial statements of the DAB bank Group and the separate financial statements of DAB bank AG. Furthermore, the Management Board is charged with ensuring compliance with applicable laws, governmental regulations and the company's internal guidelines and takes steps to ensure compliance on the part of group companies as well. The Management Board works closely together with the Supervisory Board. On a prompt and regular basis, it provides comprehensive information to the Supervisory Board on all matters relevant to the overall company, including strategy and implementation, planning, business developments, financial position and income performance, compliance and risks.

### **Composition of the Supervisory Board and Management Board**

Since May 8, 2008, the Supervisory Board has been composed of four shareholder representatives and two employee representatives, in accordance with the provisions of the One Third Employee Representation Act. Effective at the close of the annual shareholders' meeting of May 14, 2009, two of the shareholder representatives, Mr. Andreas Wölfer and Dr. Volker Jung, resigned from the Supervisory Board. The annual shareholders' meeting of May 14, 2009 appointed Dr. Theodor Weimer and Mr. Alessandro Foti as shareholder representatives. In its constitutive meeting, the Supervisory Board elected Dr. Theodor Weimer as its Chairman. Mr. Jan Wohlschiess continues to serve as Vice Chairman. The following personnel changes occurred in the Management Board. Effective June 30, 2009, Mr. Alexander Freiherr von Uslar-Gleichen resigned from the Management Board of DAB bank AG. In the name of the entire Supervisory Board, I wish to thank Mr. Alexander von Uslar-Gleichen and our Supervisory Board members Mr. Wölfer and Dr. Jung for their outstanding contributions and untiring efforts and for the positive impetus they provided to DAB bank.



**Relations with shareholders**

DAB bank reports to its shareholders on the business developments, financial position and income performance of the company four times every fiscal year. The annual shareholders' meeting is usually held in the first five months of the fiscal year. DAB bank allows its shareholders to authorize proxies to exercise their voting rights for them.

The annual shareholders' meeting also resolves on the utilization of profit, the ratification of the actions of the Management Board and Supervisory Board and the election of the independent auditor. Amendments to the Articles of Incorporation and measures that change the bank's capital are resolved exclusively by the annual shareholders' meeting and implemented by the Management Board. Shareholders may file counter-motions to the proposed resolutions of the Management Board and Supervisory Board and challenge resolutions of the annual shareholders' meeting.

As part of our investor relations work, the Management Board holds regular meetings with stock analysts and institutional investors. A telephone conference is regularly held with stock analysts on the occasion of the publication of quarterly figures.

**Corporate governance guidelines**

Our Articles of Incorporation, the internal rules of procedure of the Supervisory Board and of the Management Board, all Declarations of Conformity, the report on the fulfillment of the provisions of the German Corporate Governance Code and other corporate governance documents are available in the internet at [www.dab-bank.de/servicenavigation/investor-relations/corporate-governance.html](http://www.dab-bank.de/servicenavigation/investor-relations/corporate-governance.html).

**Audit of the annual financial statements**

The annual financial statements and management report of DAB bank AG, as well as the consolidated financial statements and group management report for the 2009 fiscal year, including the accounting records, were audited by the independent auditor KPMG and provided with an unqualified audit opinion in both cases. In fulfillment of the audit duties prescribed in Section 317 (4) of the German Commercial Code (HGB), the independent auditors also inspected the existing monitoring systems for the early detection of risks. The independent auditors confirmed that the installed monitoring systems are capable of fulfilling their intended function and that the management reports for both the parent company and the Group present an accurate picture of the risks of the company's future development.

The Chairman of the Supervisory Board took part in the final meeting of the Management Board with the independent auditor. The financial statements mentioned above and the audit report were provided to the Supervisory Board in a timely manner. At the Supervisory Board Meeting of March 4, 2010, the chief auditor reported on the results of the audit and comprehensively answered the questions of the Supervisory Board members. The Supervisory Board examined the results of the annual financial statements and management report of DAB bank AG and the Group and concurred with the findings of the audit. Based on the final results of our own review, no objections were raised. The Supervisory Board approved the financial statements prepared by the Management Board, which were thereby officially adopted.

We concur with the proposal of the Management Board to ask the annual shareholders' meeting to approve a dividend of 30 cents per share for fiscal year 2009.

**Final declaration and audit of the relevant affiliated companies**

In accordance with Section 312 AktG, the Management Board has prepared a report on the relations with affiliated companies ("Dependency Report") in fiscal year 2009, wherein it declares that DAB bank AG received fair and adequate compensation for each and every transaction, according to the circumstances known to the Management Board at the time of such transactions. No other steps within the meaning of Section 312 AktG were taken or omitted.

The independent auditor issued the following unqualified opinion on the results of its audit of the Dependency Report: "Based on our audit and judgment conducted in accordance with our professional duties, we certify that

1. the factual information contained in the report is correct;
2. the consideration provided by the company in respect of the transactions listed in the Dependency Report was not inappropriately high."

The Supervisory Board also reviewed the Dependency Report of the Management Board and concurred with the audit results of the independent auditors. Based on the final results of the review by the Supervisory Board, no objections were raised with respect to the final declaration of the Management Board contained in the Dependency Report.

The Supervisory Board wishes to thank the Management Board and all our employees for their tremendous dedication and hard work. We are convinced that DAB bank AG is correctly positioned in the market and can look forward to another successful year in 2010 as the direct bank for securities-related services for individual investors and business customers in Germany and Austria. The program for the future known as "DAB one," by means of which DAB bank will substantially expand its offering of products and services, will make a significant contribution to this goal.

Munich, March 4, 2010



Dr. Theodor Weimer  
Chairman of the Supervisory Board

+++ Slogan: You are the bank +++ Acquisition of SelfTrade +++

+++ DAB bank eliminates custody account fees +++

+++ DAB bank expands its operations to six European countries +++

2000



## Corporate Governance

Since it was founded in 1994, DAB bank AG has actively and fully adhered to the principles of sound corporate governance. The Management Board and Supervisory Board consider corporate governance, in the sense of responsible management and company supervision, to be an integral part of their work and are engaged in a continuous dialog that goes beyond the requirements of law. The goal of DAB bank is to strengthen public trust in its responsible company management, while at the same time accommodating the continuously growing need for information by the various interest groups. By this means, we will sustainably increase our company value and serve the interests of our national and international investors. Information on this subject can be found in the Report of the Supervisory Board contained in this Annual Report.

The Management Board and Supervisory Board regularly discuss changes to the German Corporate Governance Code and evaluate to what extent adjustments need to be made.

### Corporate Governance Code

The German Corporate Governance Code, which took effect in 2002, sets out the most important legal requirements applicable to the management and supervision of German exchange-listed companies. In accordance with nationally and internationally recognized standards of sound and responsible corporate governance, the Code has made the German corporate governance system more transparent and easy to understand.

**In accordance with the provisions of the German Corporate Governance Code, DAB bank AG renewed its Declaration of Conformity of December 30, 2003 as follows:**

### Declaration of Conformity

Declaration of Conformity with the German Corporate Governance Code for 2009 pursuant to Section 161 AktG:

"The Management Board and Supervisory Board of DAB bank AG hereby declare that the recommendations of the Government Commission for the German Corporate Governance Code, in the version of June 18, 2009 (referred to hereinafter as "CGK") published by the Federal Ministry of Justice in the official announcements section of the electronic Federal Gazette, were followed in fiscal year 2009 and will be followed in the future, with the following exceptions:

- ▶ **Deductible for D&O insurance (3.8 CGK):**  
Section 3.8 of the Corporate Governance Code recommends that any D&O insurance taken out by the company for its Management Board and Supervisory Board should include an appropriate deductible. In the past, the D&O insurance of DAB bank AG did not stipulate a deductible for the activity of Managing Board and Supervisory Board members. With the renewal of D&O insurance protection in the first half of 2010, a deductible will be stipulated for the Management Board in accordance with the new legal requirement. The Management Board and Supervisory Board continue to hold the opinion that all the company's directors and officers are bound by duty to act in a responsible manner; therefore, such a deductible is not necessary for the members of the Supervisory Board.
- ▶ **No Management Board Speaker (4.2.1 CGK):**  
In this respect, DAB bank AG adheres fully to the collegiality principle set forth in the German Stock Corporations Act (AktG).
- ▶ **No severance payment cap (4.2.3 CGK):**  
The Management Board contracts are concluded for a term of three years. In the event of premature termination of the Management Board contract without serious cause, the compensation granted does not exceed the remaining term of the employment contract. Therefore, the Supervisory Board does not consider it necessary to stipulate a severance payment cap of two years' compensation in its Management Board contracts.

## ▶ No Nominating Committee (5.3.3 CGK):

The Supervisory Board consists of six members. It exercises its duties in two committees (Executive Committee and Audit Committee) and in the Supervisory Board itself. Therefore, the Management Board and Supervisory Board do not consider it necessary to establish a Nominating Committee.

Munich, December 23, 2009

For the Supervisory Board:

Dr. Theodor Weimer  
Chairman of the Supervisory Board

For the Management Board:

Markus Gunter  
Mgmt Board Member

Dr. Markus Walch  
Mgmt Board Member

## Compensation Report for the Management Board and Supervisory Board

The Compensation Report summarizes the principles applied to determine the compensation of the Management Board of DAB bank AG and details the amount and structure of the compensation granted to its members. It also describes the principles applied to and the amount of compensation granted to the Supervisory Board. This report is geared to the recommendations of the German Corporate Governance Code and contains the disclosures required in either the notes to the financial statements or the management report by virtue of the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS). Thus, the Compensation Report is an integral part of the officially audited consolidated financial statements. Therefore, the information contained in this report is not repeated in the notes or in the management report.

### 1. Compensation of the Management Board

In the Appropriateness of Management Board Compensation Act (VorstAG), which entered into force on August 5, 2009, the German parliament enacted new requirements to be met with regard to the setting of Management Board compensation. The goal is to ensure that Management Board compensation is set on the basis of sustainable, long-term corporate governance principles. This goal accords with the principles applied in setting Management Board compensation at DAB bank AG. The requirements of the German Stock Corporations Act and the German Corporate Governance Code have been observed in setting the compensation of the Management Board.

DAB bank AG reviews its Management Board compensation system, including the fair market level of that compensation, on a regular basis.

The Supervisory Board addressed the new legal requirements at its meeting of October 28, 2009. The internal rules of procedure for the Supervisory Board and its committees were amended so that the division of responsibilities among its committees fulfills the new legal requirements. Accordingly,



the Supervisory Board determines the total compensation of each Management Board member. The Supervisory Board also adopts and regularly reviews the compensation system for the Management Board. The Executive Committee of the Supervisory Board prepares the corresponding draft resolutions to be voted on by the full board.

The direct compensation granted in 2009 was comprised of fixed and variable components: a fixed annual salary and a variable bonus, which includes a success-driven component. In addition, a long-term incentive plan is offered to the Management Board members as a component of their compensation. The variable components, which are tied to the achievement of the goals established for the business year and the goals of the strategic plan, can possibly exceed the fixed salary component.

The full Supervisory Board adopts the compensation system on the basis of various criteria, including the company's size, its economic and financial condition, and the amount and structure of compensation granted to the members of the Management Boards of comparable companies. The goal is to retain the senior executives of the company by granting them competitive, success-driven compensation and by shifting the payment of variable compensation to later dates in the medium-to-long-term future, on the basis of their participation in the Long-Term Incentive Plan of the UniCredit Group.

The Management Board compensation for fiscal year 2009 was mainly composed of the following components:

#### **Fixed salary**

The fixed annual salary is paid in 12 monthly installments.

#### **Variable bonus with success-driven component**

Depending on the degree of individual goal fulfillment, the variable bonus can range from zero to the maximum amount set for the individual bonus (maximum bonus). By virtue of the agreements contained in their respective employment contracts, the bonus is tied to the achievement of certain goals

agreed with all Management Board members at the beginning of the year and summarized in the form of scorecards. They include both individual goals and team goals. For the most part, quantitative goals are adopted but in some cases also qualitative goals. A corridor is established for each quantitative goal, with the lower value representing adequate goal fulfillment and the upper value representing outstanding goal fulfillment. If the upper value is achieved, the Management Board member receives the previously established maximum point count for this goal. The fulfillment of qualitative goals is evaluated in a similar manner.

A bonus is only paid when the pre-defined minimum point score of 80 points is achieved. The maximum bonus can be claimed when the Management Board member achieves a total point score of 120 in his scorecard. Thus, the bonus is limited as to the maximum amount and an accordingly lower percentage of the maximum bonus is paid for a goal fulfillment of 100%.

#### **Long-term incentive component of compensation**

Among the Management Board members, Dr. Markus Walch participated in the Stock Option & Performance Shares Plans 2005 and 2008 of the UniCredit Group (Long-Term Incentive Plans of the UniCredit Group, or LTI Plans). Both the LTI Plan 2005 and LTI Plan 2008 consist of two components, as explained below.

First, a certain number of stock options were granted to every participant. The stock options can be exercised (will become vested) if the beneficiary will still be working for the UniCredit Group at the end of four years after the grant (LTI Plan 2005) or at the end of three years after the grant (LTI Plan 2008). Every stock option entitles the holder to purchase one share of UniCredit at a price determined prior to issuance of the stock options. The stock option can be exercised during a period of six years from the vesting date (or in the case of stock options issued up to and including 2006, for a period of nine years from the vesting date). In 2009, Dr. Markus Walch held a total of 55,642 stock options with an exercise price of €4,185. The fair value of each option at the grant date was €0.6552.



Second, the gratuitous transfer of a stipulated number of shares in UniCredit was committed to every participant, provided that the respective targets of the strategic plan of UniCredit will have been met at the end of the third full fiscal year after the grant date and that the beneficiary will still be working for the UniCredit Group at that time. In 2009, in total, Dr. Markus Walch held commitments for 17,513 performance shares in 2009.

As a rule, DAB bank AG will reimburse UniCredit for the costs of participating in the Long-Term-Incentive-Plan as of the vesting date. The beneficiaries are liable for the taxes payable on the advantages received by them. In the case of stock options, this advantage is measured as the value of the shares granted less the established purchase price at the date of exercising the options; in the case of performance shares, the advantage is measured as the value of the share at the grant date.

### Pensions

The members of the Management Board would have the option of participating in a deferred compensation plan according to the currently applicable terms of UniCredit bank AG, Munich, if DAB bank AG would resolve to participate in this plan. DAB bank AG has not participated in this plan to date. Voluntary contributions are deducted from the salaries of the Management Board members Mr. Markus Gunter and Dr. Markus Walch and paid in to a pension fund.

### Ancillary benefits

The ancillary benefits are materially less significant. The Management Board members are allowed to use their company cars for private purposes. The employment contracts of the Management Board members do not expressly stipulate any severance payments and therefore also no cap on severance payments in the event of early termination of their employment contracts. However, a severance payment can result from the termination agreement concluded in individual cases. Mr. Gunter will receive a severance payment in the amount of his base salary and the maximum bonus if his three-year Management Board contract would not be renewed for at least one year beyond June 30, 2011.

No termination and severance award entitlements have been agreed with the individual members of the Management Board for the event of a "change of control." The Supervisory Board sets the amounts of bonuses payable after the company's fiscal year net profit has been determined and the fulfillment of the goals agreed at the beginning of the year has been assessed.

The compensation granted to each member of the Management Board for fiscal year 2009 is presented in the table below:

#### Itemized compensation granted to the individual Management Board members:

in € thousand	Fixed salary	Success-driven components	Long-term incentive components	Other	Total
Markus Gunter	260	238	-	15	513
Dr. Markus Walch	250	233	13	16	512
Alexander von UsLAR (until 09/30/2009)	187	125	-	12	324
<b>Total</b>	698	596	13	43	1.349

## 2. Compensation of the Supervisory Board

The rules regarding the compensation of the Supervisory Board members are set forth in Article 14 of the Articles of Incorporation of DAB bank AG. The currently applicable rules are based on a resolution of the annual shareholders' meeting of May 22, 2003. Compensation consists of a base compensation component and a variable compensation component, payable after the conclusion of the fiscal year. The base compensation for every member of the Supervisory Board is €10,000.00. The Supervisory Board Chairman receives twice the base compensation and the Vice Chairman receives one and a half times the base compensation. The Supervisory Board is entitled to the variable compensation in its entirety. The amount of the variable compensation depends on the development of the company's share price. It is calculated as the quotient (end-of-year share price: beginning-of-year share price)<sup>2</sup> times €20,000.00. The variable compensation for the Supervisory Board in its entirety may not be more than €80,000.00 or less than €20,000.00. The Supervisory Board determines the distribution of the variable compensation among its members every year, in consideration of the individual work performed on the board's committees.

In addition, the company reimburses the Supervisory Board members for their expenditures and for the value-added tax payable on their Supervisory Board activities.

The compensation granted to each member of the Supervisory Board for fiscal year 2009 is presented in the table below:

### Itemized compensation of Supervisory Board members:

in T€	Fixed salary	Success-driven component	Components with a long-term incentive effect	Total
Dr. Theodor Weimer (Chairman since May 14, 2009)	12	12	-	24
Andreas Wölfer (Chairman until May 14, 2009)	7	7	-	14
Jan Wohlschiess (Vice Chairman)	15	14	-	29
Gunter Ernst	10	9	-	19*
Alessandro Foti	6	6	-	12*
Dr. Volker Jung (until May 14, 2009)	4	3	-	7*
Werner Allwang (employee representative)	10	9	-	19*
Nikolaus Barthold (employee representative)	10	9	-	19*
<b>Total</b>	<b>74</b>	<b>69</b>	<b>-</b>	<b>143</b>

\* plus 19% value-added tax

## 3. Other disclosures

The directors and officers of DAB bank AG are co-insured under a D&O insurance policy of the UniCredit Group. The insurance covers the personal liability risk in the event that the insured persons would be sued for pecuniary damages in connection with the performance of their duties.

+++ Pan-European integration +++

+++ DAB bank implements a new service, product and price structure +++

+++ Winner of the IPO Management Award 2001 +++

2001



## Financial communication

### DAB bank share

Despite the impressive comeback of global stock markets, the worldwide economic crisis left a deep mark on financial markets in 2009. In the first two months of the year, all shares and indexes sustained sharp losses, mainly as a result of the poor economic forecasts, the persistent lack of confidence in the economy and the growing incidence of new writedowns in the balance sheets of banks. The lack of confidence in the shares of financial institutions was clearly apparent in the performance of the DAB bank share in the first quarter of 2009. With very little trading activity, the bank's share oscillated in a range of €2.00 to €2.72, before reaching its low for the year of €2.00 on March 10.

The DAB bank share acquired positive momentum in the second quarter. Whereas the DAX gained 16% from April to June, the DAB bank share showed an impressive 35% appreciation during that period, wiping out the losses from the first quarter and leading to a 14% increase for the first half of 2009. The share traded in a range between €2.11 and €3.15 in the second quarter.

In the third quarter, all the world's stock markets experienced a pronounced upswing, driven by positive economic data and good news from the United States. During the summer, the DAB bank share exhibited even more positive momentum than most stock market indexes. During this period, the share traded in a range between €2.81 and €3.78. With gains of 25% in the third quarter of 2009 and 45% since the beginning of the year, the DAB bank share again outperformed the comparison indexes by a wide margin.

The upward momentum continued in the fourth quarter as well. In particular, the moved-up publication of positive quarterly figures and the increase in the full-year forecast drove the DAB share to new highs. Trading in a range between €3.60 and €4.47, the DAB bank share reached its 52-week high in the final quarter of the year. The share ended 2009 with a closing price of €4.24 on the final trading day, for a total gain of 66% on the year. By comparison, the German lead index DAX gained about 24% on the year, while the MDAX (30%) and the SDAX (25%) performed somewhat better than the DAX.

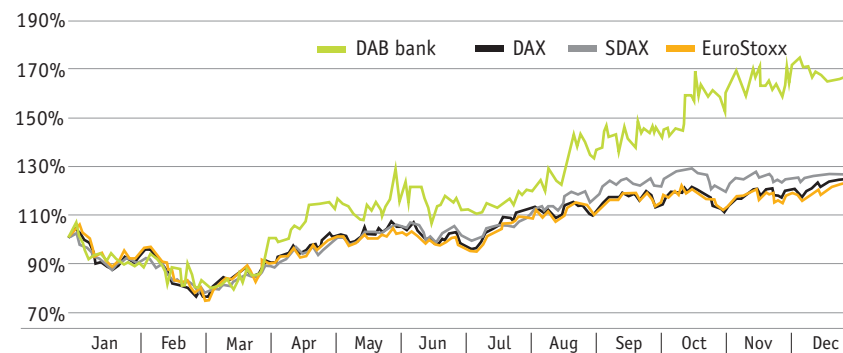
The uncertainty among investors provoked by the banking crisis and the resulting general skepticism towards financial stocks were especially evident in the first half of the year, in particular, as the volume of trading activity declined. Although the share's liquidity increased substantially towards the end of the year, only half as many shares were traded in 2009 as in 2008. On average, about 24,060 shares traded hands every day on all the German stock exchanges in 2009 (PY: about 58,884 shares per day).

For the full year 2009, DAB bank generated a pretax profit of €33,58 million, from which its shareholders will benefit directly. Thanks to its outstanding capital base, DAB bank intends to distribute the entire net profit for 2009 to its shareholders as a dividend. The Management Board and Supervisory Board will propose to the shareholders at the annual meeting that the bank pay a dividend of 30 cents per share for 2009, after 34 cents per share for 2007 and 11 cents per share for 2008. The dividend will be paid without deductions for investment income tax and the solidarity surtax on the investment income tax.

## Key figures on the DAB bank share

Opening price, Xetra (01/02/2009)	2.65 €
Highest price, Xetra (12/09/2009)	4.39 €
Lowest price, Xetra (03/10/2009)	2.00 €
Closing price, Xetra (12/30/2009)	4.24 €
Market capitalization (12/30/2009)	318.79 Mio. €
<b>Earnings per share</b>	<b>0.31€</b>
Dividend yield	7.1 %
Book value per share	2.10 €
Total shareholder return	71.3 %
WKN	507230
SICOVAM	22040
Reuters Code	DRNG
Bloomberg Ticker	DRN GR
ISIN Code	DE0005072300
Shares outstanding	75,187,007
Stock exchange segments	Prime Standard, Frankfurt; Nouveau Marché, Paris
Stock exchanges	Xetra, Frankfurt, Munich, Stuttgart, Berlin, Duesseldorf, Hamburg, Hanover, Bremen, Paris
Designated Sponsor	HSBC Trinkaus & Burkhardt AG Lang & Schwarz Wertpapierhandels AG

Chart indexes, comparison of DAB bank DAX, SDAX, EuroStoxx in 2009



## Investor Relations

The strategy of DAB bank is geared to profitable growth and the sustainable enhancement of shareholder value. In 2009, we continued our tradition of open, active communication in support of a trustful dialog with our shareholders, investors and other interested parties.

Even before the publication of our annual report on March 17, we presented our business results for fiscal year 2008 and the goals of DAB bank to the financial community and our shareholders at the financial statements press conference in February. In addition, we communicated our quarterly results to stock analysts, journalists and shareholders in two lengthy conference calls each in April, July and October.

In addition, we informed our shareholders about the successes of fiscal year 2008 and our goals for the future at the annual shareholders' meeting of May 14. As in prior years, the annual shareholders' meeting was held at Nockherberg in Munich. For the sixth year in a row, our shareholders voted on the proposed payment of a dividend representing the entire net profit for the year. The shareholders present and represented at the annual meeting approved the proposal of the Management Board and Supervisory Board to pay a dividend of 11 cents per share.

Again in 2009, we held many one-on-one meetings with institutional investors and kept them apprised of the business strategy and performance of DAB bank. The Management Board presented the strategy, current developments and future goals of DAB bank at road shows. The Management Board also presented DAB bank at the German Investment Conference of HypoVereinsbank in Munich and at the German Equity Capital Forum in Frankfurt.

In order to ensure the necessary liquidity for the ongoing trading of its shares, DAB bank was served by two Designated Sponsors in 2009. In addition to Lang & Schwarz Wertpapierhandels AG, HSBC Trinkaus & Burkhardt AG also served as a market maker for DAB bank shares.

DAB bank AG was actively covered by seven stock analysts in 2009.

The latest information about DAB bank, its business performance and share is continuously made available to all interested stakeholders in the Investor Relations section of our website. The bank's annual and quarterly financial statements are available for download in German, English and French. By using our online ordering service, shareholders, investors and other interested parties can receive the printed versions of our reports free of charge. Also, we further enhanced our shareholder services in fiscal year 2009. Among other things, we added an online FAQ list with the most frequently asked questions about the company, the share and the business strategy.

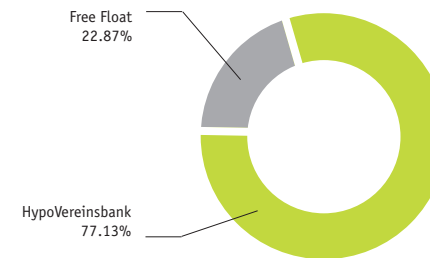
Corporate news, ad-hoc announcements and press releases are posted on our website as well. In addition, past publications are always easily retrievable from our online archive. The presentation documents we use to communicate our operating results and for our annual shareholders' meeting are also available for download.



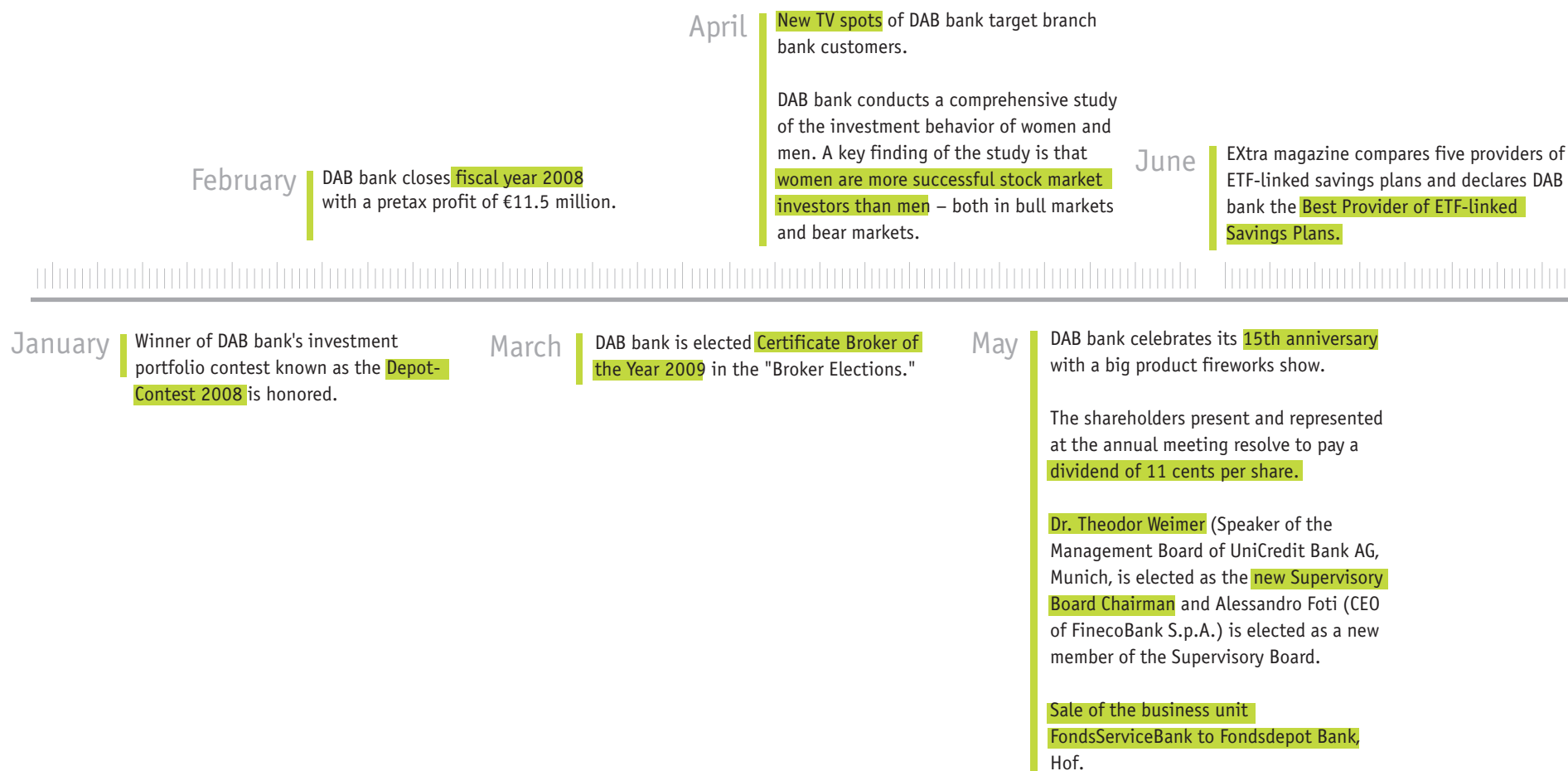
We intend to continue our policy of open, active financial communication in 2010. Although investor interest in financial stocks waned somewhat in the last two years due to the banking crisis, we believe that the market will recover, leading to increased demand for financial stocks. A trend in this direction could be observed in the stock markets in the second half of 2009, when we fielded a growing number of inquiries from investors and the share exhibited higher liquidity. To accommodate the heightened demand, we intend to intensify our financial market communications in 2010. Thus, we published our preliminary figures at the financial statements press and analyst conference in Frankfurt on February 22. Again this year, we will answer investors' questions at the German Investment Conference of HypoVereinsbank and at the Equity Capital Forum of Deutsche Börse. In addition, we are planning to hold an increased number of road shows in Germany and abroad; and as always, we are ready and willing to hold one-on-one meetings at any time.

22.87% of DAB bank's shares are widely held. The majority interest of UniCredit Bank AG in the amount of 77.13% is attributed to the corporate group of UniCredit S.p.A., Rome, Italy.

#### Shareholder structure at 12/31/2008



## Milestones in 2009



## August

According to an **analysis conducted by DAB bank**, Dresden is the city with Germany's most successful investors.

In the big **online broker test** of the business and financial magazine Euro am Sonntag, DAB Bank wins the highly coveted distinction of **Overall Winner** in the Brokerage category. A total of 11 banks were examined in the test survey.

## October

Thorsten Schwarting (Chief Financial Officer of DAB bank) is appointed to the **Management Board of direktanlage.at**.

German news channel n-tv and DAB bank launch a new campaign for the no-charge portfolio analysis service known as **Depotcheck**.

## December

DAB bank expands its **offering of SFDs** and lowers the costs.

Special offers for new customers featuring attractive packages for **trading, investment and banking**.

## July

DAB bank hosts an **Investment Evening** for about 400 B2C customers at its Laimer Würfel headquarters.

## September

The **DAB Profi Trader** is introduced also at direktanlage.at under the name PowerTrader Pro.

DAB bank hosts more than 1,000 financial professionals at its **12th Investment Congress**, with Dr. Theo Waigel and Mattias Horx as guest speakers. The Investment Congress is the most important industry event for independent financial advisors and institutional investors.

## November

DAB bank launches an **ETF initiative**.

The customer magazine DAB direkt is now also available as an **e-magazine**.

## The employees of DAB bank: The key to our success!

Our employees are crucial to the success of DAB bank. Only well qualified and highly motivated employees can make us innovative and competitive. Therefore, we continued to pursue the initiatives launched in recent years with unabated commitment. Despite active cost management and the associated reduction of administrative expenses, we did not cut our continuing education budget in 2009. That budget forms the basis for our career track system, which offers transparent and fair development opportunities to employees in both the expert track and the managerial track.

### Investing in employees means investing in the future

At DAB bank, we regard the investments made in the training and education of our employees as an investment in the future of our company. As part of the annual performance appraisal meetings, employees and their supervising managers work together to identify the employee's specific continuing education needs. Of special interest in 2009 were courses in project management, IT banking systems, technical topics, foreign languages, communication and personality development. Based on the results of regular surveys, we know that participating employees are very impressed with these training courses and especially our in-house courses. We would like even more employees to take advantage of our internal training programs. Every employee completed roughly two training courses in 2009. That corresponds to more than 18,000 training hours or 2,254 days, which we have invested in the development of our employees.

### Successful completion of vocational training program for bankers

DAB bank AG has offered young people the chance to learn the banking trade since September 2007. As part of this vocational training program, which lasts two or two and a half years, depending on the type of secondary school degree they have, vocational trainees are assigned to work in nearly every part of the bank. In addition to theoretical instruction, they also spend eleven weeks working in the branch bank system of UniCredit Bank AG. In 2009, four of the total 21 vocational trainees completed their training programs successfully to earn the vocational title of qualified bank clerk. Furthermore, we have already signed five new vocational training agreements with future bankers, who will begin their training in September 2010.

### Executive development in theory and practice

Our executive development programs are designed to help the participants upgrade their personal capabilities and professional qualifications and prepare themselves for new demands in the future.

For that purpose, we employ a combination of theory and practice. In addition to seminar modules, participants are given real-life work assignments. We promote networking among the participants, who are taken from a wide range of different departments. The group presents the results of their work assignments to the Management Board, the departments for which they were working and their direct supervisors.

## Potential for more responsibility

Every year, we identify all employees who exhibit the potential to assume a higher level of responsibility. Recommendations are reviewed as part of the position-filling process.

An expert committee makes individual promotion decisions on the basis of a uniform diagnostic procedure under which consideration is given to bank-wide competence profiles and the requirements of specific positions. Feedback is the engine of our continuous improvement process.

In 2009, we conducted our employee opinion survey for the third year in a row. Employees representing 91% of our workforce participated in this survey in 2009, 10% more than in 2008. This instrument has since become firmly established in our company. The results of the "people survey" (as we call it) were discussed in every team and further improvement potential was identified. Team results were consolidated and the status of improvement measures was communicated to employees on a regular basis.

At DAB bank, even managers receive regular feedback from their employees. To that end, the so-called "360° feedback" process was conducted at DAB bank in 2009 for the second year in a row. This process is a proven method for checking the manager's self-image against the image that others have of him or her. Especially those managers who wish to provide guidance to others will want to know how they are perceived – not only by their own supervisor, but by everyone they deal with inside the company. Because the assessment is conducted on the basis of the UCG/DAB Competence Profile, which covers skills and capabilities, as well as certain attitudes and values, the feedback process also serves to promote a uniform understanding of our management culture.

## Taking responsibility for employees

DAB bank takes responsibility for its employees. Besides offering comprehensive pension and other benefits, part-time work models to help parents return to the workforce after being out on parental leave and other steps to strike an appropriate work-life balance, DAB bank places a top priority on the health of its employees. To that end, we held our second DAB Health Day in 2009. At this event, employees were given the chance to obtain a wide range of personal health information.

## Supporting volunteerism

Furthermore, DAB bank supports the local projects and organizations that are especially dear to the hearts of our employees. As in the previous year, we asked our employees, in connection with our annual "people survey," to propose charitable organizations for which they serve as volunteers to receive a donation from the bank.

## B2C – Our business unit for individual investors

As a result of the general sense of uncertainty pervading the markets in the wake of the global economic crisis, stock markets were characterized by low trading volumes and pronounced restraint on the part of traders, investors and asset managers. Starting in the second half, however, the market situation improved markedly, helped not only by the growth forecasts issued by leading business associations, but also by some surprisingly good corporate profits. Nonetheless, market trading activity remained on a rather low level.

DAB bank too reported very good results for its 2009 fiscal year. The positive development can be attributed at least in part to the trust and confidence of our customers, who were similarly active in the summer months, which otherwise tend to be rather quiet, as they were in the second quarter. Many of our customers have already begun to make use of our new, multi-dimensional advisory concept, which is geared to their individual needs. Our certified advisors, who currently number 20, are not bound by business policy guidelines when they recommend investment products to our customers and so are free to choose the right products for them from a completely independent range of products. Another advantage of telephone advice as compared to the services of a branch bank is that advisors can be reached on a more flexible basis, even after normal working hours and on the weekend. Our customers appreciate that advantage. In a recent customer satisfaction survey, customers rated DAB bank's advisory services as excellent.

### Historically high marks for customer satisfaction

In 2009, it seemed that all you could read and hear was something like "confidence in banks has taken a major hit in the last 12 months." Many banking customers felt as though their financial institutions had left them in the lurch. But the results of the customer satisfaction survey conducted for DAB bank in 2009 revealed an opposite attitude: 96% of the individual investors surveyed by a neutral institution are satisfied with DAB bank, and 87% are so satisfied that they plan to recommend DAB bank to others. We are all the more pleased with these historically high marks considering the current market environment.

### DAB bank on the winner's podium

The numerous awards that DAB bank received in 2009 provide further evidence that customers have good reason to be very satisfied with DAB bank. The banking customers surveyed as part of this year's "Broker Election" confirmed that DAB bank is still on the right track. Considering the current market environment, the awards for Best Certificate Broker and concurrently as Third-Best Fund Broker can be seen as resounding acclamations. According to the latest test survey conducted by the investor magazine Euro am Sonntag, DAB bank overall has the lowest-cost securities offering of all the major online banks; and according to the consumer research organization Stiftung Warentest, it offers the lowest overdraft interest rate (6.95% p.a.) of all the 57 banks tested. We are also especially proud of being named by Euro am Sonntag as the Overall Winner in the category of "Direct Brokerage Banks" from among all the online brokers tested. EXtra magazine, which specializes in ETFs, conducted a broad-based study of the ETF-linked savings plans offered by German banks, evaluating factors such as the breadth of the offering, cost and flexibility. DAB bank emerged as the winner of this test survey.

### The customer is king

As a welcome opportunity to meet our customers face to face, which is all the more important for an online bank, DAB bank again participated in trade shows for investment services in 2009, besides conducting its "Investment Evenings" and stock market information events for individual investors.

"Independent," "affordable" and "fair" are the catch words of DAB bank's distinctive advertising campaign, which is especially aimed at customers of branch banks.

On the occasion of its 15-year anniversary, DAB bank offered its customers numerous special products. Among other things, DAB bank waived the front-end load on 15 mutual funds of longtime product partners, presented several special anniversary offers in the area of "structured products and bonds," conducted a no-fee campaign and started a big online sweepstakes with attractive prizes.



Also as part of the anniversary campaign, all interested customers were offered a chance to test the DAB Profi Trader free of charge. That way, the powerful advantages of this highly modern trading application were made known to a greater number of customers and external prospects.

## Online services

Exactly two years ago, DAB bank ushered in a new era of infotainment with the first issue of its customer magazine DAB direkt. Besides the print issue, the customer magazine is also available as a pdf-version for e-mail subscribers and as a download from the internet. Though practical, this latter option is not really reader-friendly. Since the autumn of 2009, moreover, DAB direkt has been published as an interactive e-magazine that makes use of all possibilities of online communication.

DAB bank focuses on active customers in the brokerage and securities business. In terms of technology, the IT platform is like the beating heart of our bank. Accordingly, we have continually sought to further improve our web portal, in addition to expanding our product offering. Besides making general layout adjustments, restructuring the form pages and introducing a separate home page for new customers vs. established customers, we also completely revised and redesigned the market and price offerings.

## Innovations in 2009

DAB bank introduced a number of product innovations in 2009, as well.

For example, DAB bank launched an ETF initiative. In June, we expanded the overall ETF portfolio on the website for B2C customers, so that DAB bank customers now have access to more than 600 ETFs and 58 ETF-linked savings plans. Since December, moreover, DAB bank customers can trade even more Straight Forward Dealings (SFDs) at an even lower cost than before. For three years already, DAB bank has offered SFDs, an innovative investment vehicle similar to warrants, by means of which experienced investors can participate on a 1:1 basis in every movement of the underlying security, while having to commit

very little capital. Compared to earlier, when DAB bank offered SFDs only on specific shares of the DAX 30 and the MDAX, the product portfolio has since been expanded to include SFDs on the DAX30 Index, oil and gold and the dollar-euro currency pair.

Furthermore, an important step was taken in the direction of uniform money transfers in Europe. Following the successful introduction of the SEPA transfer (euro transfer) in January 2008, DAB bank began offering SEPA direct debit orders in November 2009.

Earlier, transfers and direct debit orders coming in from other countries of Europe were often fraught with problems and high costs. But all that has changed, effective immediately. The harmonized process allows for worry-free money transfers in Europe. Thus, European transfers and direct debit orders are now just as efficient, affordable and secure as domestic money transfers.

## Products to be introduced in 2010

The agenda for 2010 features many new products to come. In fact, DAB bank introduced FOREX currency trading already in March. The currency market is the world's biggest and most liquid market place. Using our FOREX service, stock market pros can profit from the exchange rate movements of international currencies twenty four hours a day, while benefiting from considerable leverage effects. These currencies are always traded in pairs, such as the euro to the U.S. dollar or the British pound to the yen. Our customers can choose from a wide selection of currency pairs to trade. Moreover, DAB bank offers narrow and fair spreads. The leverage effect can be chosen by the customer, up to 50 times. In this activity, customers trade directly via DAB bank.

Aside from numerous other product innovations, DAB bank launched its mobile TAN service, which enables customers to approve their transactions quickly, easily and above all securely.

As part of our program for the future known as "DAB one," we will further expand our offering of products and services in the areas of trading, investment, banking and online in 2010.

## B2B – Our business customers unit

Our B2B unit is the No. 1 partner platform for investment professionals. We offer services tailored specifically to the needs of asset managers, financial intermediaries and institutional investors, to assist them with their direct and indirect communications with clients. The core business of our B2B unit consists of high-quality, low-cost clearing and settlement and custody account administration. In addition, DAB bank offers its business customers innovative and creative supplementary services.

In 2009, for example, we introduced an information service for new bond issues. Also, we designed two series of events known as the "Financial Dialog" and the "Investment Meeting Using All the Senses," which make it possible for asset managers to further exploit the business potential of their clients. Furthermore, we entered into a strategic partnership with Dr. Christian Waigel, an expert in the Markets in Financial Instruments Directive ("MiFID"). One expression of this cooperation arrangement is a monthly column on legal topics of current interest.

Also, we continually strive to make sure that our technical applications are always state-of-the-art. Early in 2010, for example, we will make the new version of our portfolio management system "Triple A" available to all our B2B partners. This new version features significantly more functions in the areas of ordering, strategy coordination, monitoring and reporting.

This combination of outstanding quality in our core business and high-quality supplementary services is a major reason for the high level of satisfaction among our customers.

### Customer satisfaction

We conducted our representative survey of B2B customers to measure their satisfaction with the services of DAB bank for the sixth time in a row last year. The survey results in 2009 were even better than the outstanding results of the previous year's survey. The main reason cited for our cus-

tomers' overall high level of satisfaction was the excellent quality of our services. In fact, the most important factor for our customers is the quality of the bank employees with whom they deal personally. We were especially pleased to learn that more than half the customers surveyed plan to increase the volume of assets held in custody accounts with DAB bank.

### Winning new clients

The support we provide to our associated asset managers in winning new clients is one of the most important services we offer at DAB bank. The best known instrument we offer for that purpose is the portfolio analysis service we call the "Profi-Depotcheck." The media partners we have signed up to work with DAB bank invite their readers to seek out personalized, non-binding advice from an asset manager who is not affiliated with any bank. Again in 2009, the Profi-Depotcheck service was covered by articles in such well known, widely read publications as *Süddeutsche Zeitung*, *Frankfurter Allgemeine Zeitung am Sonntag*, *Frankfurter Rundschau*, *Stuttgarter Zeitung*, *Börse online* and other national and regional newspapers.

For the first time ever, the "n-tv Depotcheck" service was offered in close cooperation with the B2C unit of DAB bank. Within a period of only six weeks, numerous viewers of the German news channel n-tv took advantage of the opportunity to obtain advice from an independent asset manager.

On the occasion of the investment services trade show INVEST in Stuttgart, DAB bank offered local asset managers the chance to present themselves to large audiences in the form of a panel discussion, in cooperation with *Börse online*. New client leads were generated also as a result of this event.

The investment portfolio contest known as the "Depot-Contest," which DAB bank organizes for its asset managers, enjoyed another successful run for the ninth year in a row. During the course of 2009, 26 asset managers participated in the contest, either in the opportunistic league or the conservative

league. This unique platform is an excellent way for asset managers to reach a wide audience. The long-term image-building and new client acquisition effect is further supported by our cooperation arrangements with the German news channel n-tv and with the magazines *€uro* and *Markt-und-Mittelstand*. Held in early 2009 and in the autumn of 2009, the "Local Portfolio Contest" again met with an enthusiastic response among individual investors in many German cities.

To make these campaigns even more successful in the future, DAB bank will collaborate with Focus Money, starting in 2010, in addition to the media cooperation arrangements that are already in place.

### Reinforcing customer loyalty

DAB bank's prominent place in the world of financial intermediaries and institutional investors was demonstrated again at this year's Investment Congress in Munich. More than 1,300 participants registered this year, proving that this event has since become an industry highlight. The former German Federal Minister of Finance Dr. Theo Waigel and the well-known researcher of future trends Matthias Horx enriched this year's Investment Congress with their presentations on the global economic situation and the future after the crisis, respectively.

In addition to the selected services we offer, we continued to upgrade and expand the DAB Academy in 2009. In these fast-paced times, effective continuing education is an indispensable prerequisite for successful, high-quality financial advice on a long-term basis. Tailored to the needs of independent asset managers, top-ranked instructors provide information on topics of current interest and those that will shape the future. In 2009, the seminar series "Solutions for Recording the Results of Advisory Sessions in Accordance with the MiFID" was the best-attended seminar since the DAB Academy was founded.

### Vision

Our vision is to make "private banking" available to everyone, in cooperation with our partners. Our B2B partners are highly qualified providers of financial services, led by entrepreneurs. Most of them are regionally oriented. The advisory and administrative services they offer are affordable, comprehensive and geared to long-term results.

Besides just providing clearing and settlement services, we strive to assist and promote our asset managers under all market conditions and in all development phases. As trendsetters, we combine our market leadership position with the highest standards of quality. As a recent example of our efforts in this area, we co-developed a software program that will make it easier for financial intermediaries to record the results of their advisory sessions, which will be required of them as of 2010. In the following year, we will provide active support to banking professionals who wish to start up their own business by means of our "DAB Start!" service. Besides giving personalized advice to potential new entrepreneurs, we will also provide an online tool to guide them through the various steps involved in starting a new business. The process culminates in a finished business plan.

We are firmly convinced of the advantages of independent asset management services and will continue to take responsibility for this market in the future as well.

## SRQ FinanzPartner AG: Financial planners on the move

For a little more than three years now, DAB bank has held a majority interest in SRQ FinanzPartner AG, one of Germany's fastest-growing financial advisory firms. In the first quarter of 2009, DAB bank increased its investment from 52.52% to 81.61% by buying out two former shareholders.

### Successful year for SRQ

Despite the tough market environment and the associated restraint exhibited by many investors, SRQ's revenues were largely stable in 2009, aside from gains in several areas.

The company's 114 financial planners served about 11,743 clients in 2009 and administered customer assets totaling €1.30 billion as of December 31, 2009, indicative of a 19% increase over the previous year (€1.09 billion).

## **direktanlage.at –**

### **The bank for securities investors in Austria**

Top-quality securities-related services at the best possible terms: That is the key to the success of our subsidiary direktanlage.at, the leading discount brokerage firm in Austria. Accordingly, direktanlage.at is constantly working to improve its services and product offerings, with a particular emphasis on offering the best possible terms and the best service to investors.

Despite the continued difficult environment for banks, direktanlage.at turned in a positive performance last year, including steady growth in its operating business, a point of emphasis for the bank. Specifically, direktanlage.at generated a pretax profit of €11.28 million (PY: €11.02 million) and administered customer assets worth €2.95 billion. And it expanded its customer base further to 56,715 customers (PY: 53,023). Thus, direktanlage.at again lived up to its goal of defending and continually extending its outstanding position in the B2C (individual investors) and B2B (business customers) segments in 2009.

#### **New trading application for stock market pros**

Our subsidiary direktanlage.at again demonstrated its pioneering status as a provider of innovative solutions by introducing the PowerTraderPro, the counterpart to the German DAB Profi Trader. Designed specifically with the needs of stock market professionals in mind, PowerTraderPro meets every demand associated with the observation, analysis and trading of securities. The positive feedback received from customers revealed that many of them use this high-end tool on a daily basis, thanks to its many useful functions such as one-click trading and individually configurable price alarms for heavy traders.

On its website, direktanlage.at encountered strong demand for its new certificate tool, for modifications to the "Personal Page" and for the new real-time section. Using push technology, direktanlage.at offers real-time quotes from various stock exchanges and selected issuers, along with a price monitoring and notification function.

#### **direktanlage.at stands for innovative products at the best terms**

Investing in gold bars is a good way to be protected in times of crisis and diversify risks in the investment portfolio. Since July 2009, direktanlage.at has offered gold bars in the troy weights of 50 grams, 100 grams, 250 grams, 500 grams and 1,000 grams. If they so desire, our customers can also have the precious metal physically delivered to their home addresses.

Another useful service offered by direktanlage.at is the no-charge online current account. Many customers are increasingly using direktanlage.at as their regular bank, thanks to its expanded range of banking products.

At the beginning of the year, direktanlage.at launched a mutual fund campaign, as part of which the custody fee for mutual funds was generally eliminated and the front-end loads were reduced by up to 80%. And for every month of the year, direktanlage.at selected and specially promoted a "Fund of the Month." Our subsidiary direktanlage.at also publishes a quarterly list of "Top Funds" (with front-end loads reduced by 80% and best-price guarantee). The mutual fund campaign was supported by direct mailings, print ads and a radio spot.

The bank's new customer acquisition campaigns were focused mainly on savers and traders, who were targeted by means of print ads and radio spots. The successful campaigns conducted by direktanlage.at in 2009 also included attractive interest rate products combined with lucrative trading terms and introductory offers.

## Big response to stock market contest

In March 2009, direktnanlage.at launched a new round of the stock market contest known as "AktieX," in cooperation with the Austrian newspaper Salzburger Nachrichten. More than 5,000 participants employed sophisticated strategies and investments in their bid to win one of the attractive prizes offered to winners.

## Investment Evenings of direktnanlage.at

The presentation series of direktnanlage.at have become a fixture of life for customers and other interested parties, not to mention employees. In May, the presentation series entitled "What Can I Do to Secure my Financial Assets?" attracted about 1,400 guests in total. In the autumn of 2009, more than 200 guests showed up in Innsbruck for the presentation entitled "Ways Out of the Crisis." Besides being an excellent way to meet customers and other interested parties face to face, the Investment Evenings and seminar series also convey an impression of authoritative expertise to the public.

## Success story B2B

Our subsidiary direktnanlage.at is a reliable partner to asset managers and brokers. In 2009, direktnanlage.at signed up another 18 licensed financial advisors as cooperation partners. Besides professional-quality clearing and settlement services to help them in their day-to-day business, direktnanlage.at also assists its B2B partners by offering them a series of high-quality workshops and expert presentations. In September 2009, about 60 independent providers of financial services took part in a multi-day B2B information event organized by our Austrian subsidiary, where they learned a great deal of market information from experts, including the economist Dr. Martin Hüfner, as the main speaker.

Around the middle of 2009, direktnanlage.at introduced its own B2B asset management service. Developed in collaboration with DJE Kapital AG, the "managed portfolios" are a professional-quality asset management tool for financial intermediaries. To suit the particular risk propensity of clients, they are available in three types: income, growth and opportunity.

## Outlook for 2010

Our Austrian subsidiary never ceases in its efforts to meet the high demands of its customers. Among the measures planned for 2010, direktnanlage.at intends to introduce FOREX and margin trading and establish a central monitoring system in the area of IT systems.



+++ Introduction of DAB Bond Market +++

+++ Heightened focus on customers thanks to online tools and improved mutual fund offering +++

+++ Acquisition of direktanlage.at (Austria) +++

+++ Sale of SelfTrade and DAB bank (Switzerland) +++

2002



## Economic report

### Operating results 2009

Operating within an uneven market environment, the DAB bank Group generated a very good pretax profit of €33.575 million in 2009. The net financial income of €76.386 million was especially impressive, but the net commission income of €82.912 million was likewise substantial.

At €27.23 billion, the volume of customer assets held in custody also showed a positive development in 2009, increasing at a greater rate than the leading stock market indexes and pointing to a solid increase in net cash inflows.

### Market developments

#### General economic developments in 2009

At the beginning of 2009, the general economic situation was characterized by great uncertainty. The signs of an impending recession at the end of 2008 triggered a sharp drop in stock markets all around the world. Some of the economic forecasts coming out around that time suggested that the coming crisis could even be worse than the Great Depression of 1929, marking a new low point in the economic development of the last 100 years.

Nonetheless, a crisis of comparable magnitude as that which occurred in 1929 did not materialize. Every major industrialized country experienced negative growth rates for the year as a whole; and the situation was similar in the countries of South America, Central and Eastern Europe. The emerging economies of Asia, on the other hand, achieved positive growth rates for the year as a whole, despite their marked dependence on the economic situation of the industrialized nations. The aggregate GDP of the Asian region came to almost 6%. The two economic heavyweights of China, with GDP growth of 8.6%, and India, with GDP growth of 6.4%, accounted for a large proportion of this growth. Thus, the Asian economic zone played an important role in the revival of the global economy.

In the United States, surplus capacities were cut in 2009, mainly in the automotive and construction industries. General Motors and Chrysler, the biggest and third-biggest carmakers in the United States, respectively, filed for bankruptcy in 2009. To prevent a total financial collapse, the U.S. federal government pumped a total of US\$50 billion into those two companies.

The overall unemployment rate rose sharply in the United States to reach about 10%, the highest level since the oil crisis in the early 1970s. A rapid recovery of the U.S. economy will be hampered by the reluctance of consumers to spend and the weak real estate market, which often served as an economic growth engine in the past. In view of the severity of the crisis, the incoming U.S. President Barack Obama in his inaugural address declared that the economy would be a top priority of his administration. Shortly thereafter, the federal government enacted the biggest economic stimulus package in U.S. history, with a volume of US\$787 billion.

According to estimates of the Kiel Institute for the World Economy (ifw) published in December, the aggregate GDP of the euro zone countries shrank by 4% in 2009. Since the autumn, however, economic activity has returned to positive growth in all euro zone countries except Spain. Nonetheless, the economic growth achieved in the second half of the year was not enough to make up for the sharp decline in the first half. The euro zone economy was boosted in particular by the monetary and fiscal policy measures of individual states, as well as the improving export business and the stabilization of the situation in the financial markets. Although unemployment has risen in the euro zone, just as in the United States, the current unemployment rate of 10% is still less than what had been predicted in the forecasts issued at the beginning of the year. Business investment declined as well, due to low capacity utilization levels. As an export-oriented country, Germany was hit hard by the consequential effects of the financial crisis. The ensuing recession was the worst in post-war history. For the full year 2009, German GDP contracted by 5%. Early in the year, foreign trade in particular experienced a sharp drop. The weak U.S. dollar made it harder to do business with the United States and trade with the OPEC states was held back by the reduced oil revenues of those countries. Around the middle of the year, however, Germany's foreign trade began to pick up again, due in large part to the revival of world trade in general.

Although exports to non-EU countries increased around mid-year, they declined again towards the end of the year. Business investment was likewise sharply down at the beginning of 2009. Although it increased again slightly over the course of the year, no real signs of a trend reversal can be discerned at the present time. The low levels of business capacity utilization would seem to stand in the way of any improvement.

In the wake of the economic crisis, some well-known, long-established companies were forced to file for bankruptcy. The problems with Märklin, Opel, Escada and Arcandor (which owned Quelle and Karstadt) in particular attracted considerable public attention. Having already passed an economic stimulus package in 2008, the German federal government enacted another one in 2009 to combat the crisis. This second package in the amount of €50 billion was the largest such program in Germany's post-war history. It comprised a number of diverse measures related to employment, business investment, tax cuts, credit protection and the "cash for clunkers" bonus for scrapping old cars. Among other measures, the German federal government provided €18 billion to renovate and expand schools, day care centers, universities, hospitals and infrastructure.

The economic crisis was especially hard not only on the banks, but also on the automobile industry. To provide a boost to their business, the German federal government introduced the so-called "cash for clunkers" bonus. The program was so well received that new funds were made available to it in a second phase.

As a result of the economic rescue and stimulus packages, the German federal budget deficit worsened appreciably. To gain control over the constantly rising debt burden, the German federal government added a "debt brake" to the German Basic Law in 2009. Under this amendment, net new borrowing on the federal level that is not related to economic stimulus spending has been limited to 0.35% of GDP per year. The German federal government will be

bound to observe that limit as of 2016. In addition, the German states promised not to borrow any new funds for the purpose of balancing their budgets, starting in 2020. The severe crisis produced numerous adverse effects in Germany during the year. Despite the fact that many economic sectors experienced poor business conditions, the labor market held up very well, aided as it was by the introduction of the allowance for shortened work hours, as well as the cost savings negotiated between unions and employers and the foreseeable shortage of skilled workers.

### Developments in the financial markets

The financial and economic crisis that broke out in 2008 continued to affect the markets in 2009. Many key markets experienced wide swings during the year.

A similar trend could be observed in the most important commodity markets, with the exception of agricultural products. Due to the financial crisis, stock exchanges plumbed new lows at the beginning of the year. The various measures and economic stimulus programs adopted by individual countries to stem the crisis flooded the markets with liquidity. Favorable factors included the policy of low interest rates, loose monetary policy and the weak U.S. dollar, in particular. Benefiting from this liquidity, commodities experienced strong price appreciation, beginning in early 2009.

Having reached a new all-time high of US\$147 per barrel in 2008, the price of crude oil plummeted to as low as US\$33 per barrel in early 2009, marking its low point for the year. Thereafter, the price of crude oil followed a sustained upward trend to close the year at around US\$80 per barrel, marking its high for the year. A similar trend could be observed in the metals market. Among precious metals, the price of gold followed an especially impressive trajectory, reaching a new all-time high of about US\$1,220 per ounce in the fourth quarter and closing the year at about US\$1,100 per ounce. Prices of

industrial metals likewise exhibited strong recovery tendencies. The prices of some metals such as copper, for instance, increased at triple-digit rates. By contrast, developments in the agricultural markets were mixed, due in particular to the stronger link between these markets and fundamental economic data.

2009 was a good year for stock investors. The most important stock market indexes around the world recovered rapidly from the lows set in the first quarter. For the full year, the DAX gained 24% to close at 5,957. The U.S. stock market indexes also showed gains for the year, with the Dow Jones Industrial Average up 19% to 10,428, the S&P 500 up 23% to 1,115 and the NASDAQ 100 up 54% to 1,860. Both in German and U.S. markets, the recovery trends were accompanied by steadily decreasing volatility during the year.

The currency markets were primarily influenced by fluctuations in the U.S. dollar exchange rate in 2009. Towards the end of the first quarter, the dollar gained strength and the euro-dollar exchange rate reached its low for the year of 1.25 dollars to the euro. Due to the low-interest rate policy of the United States, the U.S. dollar has become attractive for carry trades, which increasingly weakened the dollar over the course of the year. Towards the end of the year, the euro-dollar exchange rate reached its high for the year of 1.51 dollars to the euro and closed the year at 1.43 dollars to the euro.

### Developments in the financial industry

The financial industry was again dominated by the consequential effects of the financial crisis in 2009. A key indication of this trend was the number of bank failures in the United States. As compared to 2007, when three banks had to file for bankruptcy, and 2008, when 25 had to do so, the total number of bank failures in 2009 came to 140, the highest number since 1992.

During the course of the year, the German federal government took numerous steps to stabilize the situation of the financial markets. For example, the



government enacted various amendments to the Financial Market Stabilization Act, which allowed the federal government to nationalize banks as a last resort for saving them. Around the middle of the year, commercial banks were given the option of forming a so-called "bad bank." The "bad bank" is supposed to help banks unload their loss-making securities and so improve their capital ratios. Also, the required contributions to the deposit insurance fund were raised. To avoid a credit crunch, the German federal government made €17.5 billion in funds available to banks, besides offering them so-called "global loans" in the amount of €10 billion.

The tensions in the financial markets eased considerably during the course of 2009. Important indicators such as the spread between unsecured and secured money market instruments and CDS spreads moved back in the direction of where they had been prior to the collapse of Lehman Brothers. Both in Germany and the United States, some banks posted handsome profits and began to repay government assistance funds.

### Business environment for direct banks

In 2009 as in 2008, direct banks had to contend with the consequential effects of the financial markets crisis. Aside from adverse effects, however, the direct banks also benefited from some favorable effects. Early in the year, the direct banks were successful in attracting new depositors with attractive offers; but as interest rates continued to fall, the appeal of these products steadily declined. Trading activity was subdued in 2009, despite rising prices in the stock markets. Investors are still exhibiting a palpable sense of anxiety about the markets. In our estimation, in the wake of the financial crisis, many banking customers came to believe that the advice provided to them by their banks actually only served the banks' interests, so that they could maximize their own profits. In such an environment, direct banks appear to be an especially attractive alternative, due to their not being affiliated with the issuers of the products they offer, and by reason of their extensive product offerings and their strict focus on the needs of customers.

### Strategy: Our program for the future, "DAB one"

Direct banks are becoming increasingly popular with customers. According to a study conducted in 2009, there are potentially more than five million branch bank customers who can easily imagine the possibility of switching to a direct bank or are actually interested in doing so. On the other hand, no one wants to do without comprehensive service and a broad product portfolio. In addition to the securities-related services that online brokers like DAB bank have traditionally offered, customers also increasingly want savings accounts, current accounts and call deposit accounts, as well as credit cards and loan products. They also worry that they would not be able to speak with anyone personally or obtain adequate advice at a direct bank. Besides affordable prices, customers also expect simplicity, trustworthiness, service quality and good reachability.

In the future, DAB bank will strive to win more of these branch bank customers for itself. However, we are not interested in traditional savers, who only use current accounts and savings accounts. Instead, we will remain true to our core clientele of securities investors and traders.

### Global economic crisis creates good chances for direct banks

These days, direct banks have good chances of winning new customers because many banking customers are disillusioned with traditional branch banks as a result of the global economic crisis. Many people are increasingly critical of the quality of advisory services offered by these banks. Therefore, many banking customers are open to the idea of switching to a bank that treats its customers fairly and with transparency in every respect.

In order to take advantage of this situation, DAB bank has spent the last few months developing a comprehensive program for the future, in order to generate business growth for the bank in the coming years. Under this program, which we call "DAB one," we will expand our business model and invest heavily in our line-up of products and services over the next three years with the goal of expanding our core product line to include everything related to

investment and trading. That includes new trading products such as the FOREX currency trading application we introduced only a few weeks ago. Furthermore, DAB bank will offer its customers even more long-term investment options. For example, we plan to make it possible for our customers to trade and hold physical gold. In these efforts, DAB bank will be pursuing the goal of offering, even more than before, suitable investment options for every market situation. Consequently, our business will become even more impervious to fluctuations in the capital markets.

### One-stop shopping with DAB bank

In addition, DAB bank intends to expand its range of traditional banking services, which have been offered only as supplementary products to date. At DAB bank, customers should be able to find everything they expect from a bank, not only products and services related to trading in securities. For example, they should also be able to choose from a wide range of credit cards, installment loans and real estate financing products. At the same time, however, DAB bank will remain true to its roots of serving investors and traders. In the future, these customers will be able to obtain everything they need from DAB bank, as a "one-stop shopping" experience.

As an online bank, DAB bank intends to increasingly make use of the potential created by new internet developments such as Web 2.0 and social communities. Furthermore, we will make our processes more accessible to customers online. Our goal is gradually to make all applications and forms that still have to be submitted in paper form available to customers online. That will make banking, investing and trading even easier for them.

### High-quality, personalized advice

Moreover, DAB bank takes a unique and convincing approach to providing financial advice. For one thing, the Private Banking Team working within the B2C unit of DAB bank provides telephone advice. The advisors assist customers in the form of market assessments, asset allocation and concrete product recommendations; but they are also ready to serve as "sparring

partners," so to speak, for those customers who would like a second opinion regarding their personal investment decision. And for those customers who prefer comprehensive, personalized financial advice in a face-to-face meeting, DAB bank can arrange a meeting with an independent asset manager or financial advisor. In fact, DAB bank has dominated this segment of the market for many years: More than 60% of licensed asset managers in Germany work together with DAB bank. That way, we can offer "private banking" for everyone, in the form of fair, expert advice in a face-to-face meeting, subject to affordable and transparent price models.

Thus, DAB bank offers something for everyone. Those who wish to handle their banking transactions on their own will find a broad range of information resources and numerous simple and affordable trading options. And those who wish to have a sparring partner with whom they can discuss their investment ideas will find the perfect advisor in our Private Banking Team. And finally, those who prefer to receive comprehensive, personalized advice in a face-to-face meeting can be referred to the asset managers who work with our B2B unit.

### One bank for traders, investors and asset managers

By taking advantage of synergies between its B2C and B2B units, DAB bank can impress its customers even more by providing the best support and advice tailored to their individual needs. "DAB one" also means that DAB bank is one bank for individual investors and business customers alike. This combination makes us unique. It differentiates DAB bank not only from traditional branch banks, but from other direct banks as well. DAB bank strives to be the best direct bank for investors, traders and independent asset managers.

At the same time, we intend to defend and extend our market leadership position in the B2B segment by capturing a disproportionately high share of the growing market of asset managers and by winning new customers. In the B2C segment, DAB bank is positioned as a genuine alternative to traditional branch banks.



## Simple, transparent, fair

Besides being unique for the combination of its business units, DAB bank is also unique for its values. DAB bank has committed itself to fairness, transparency and simplicity. It sees itself as a fair and transparent partner for the capital accumulation, preservation and growth of its customers. That way, we make it as simple as possible for our customers to be financially successful.

By means of these values, DAB bank will achieve its goals of maintaining a high level of satisfaction and loyalty among its customers and business partners, generating growth in key performance indicators such as the number of customers, trades executed and customer assets held in custody, while increasing its profitability and reducing its dependence on fluctuating revenues tied to capital markets.

Along with its "sister bank" Fineco in Italy and Austrian subsidiary direktanlage.at, DAB bank forms the "Asset Gathering" business line within the UniCredit Group. By means of growing its business, DAB bank will make a significant contribution to the success of this business line. In implementing its program for the future, DAB bank will have the full support of the UniCredit Group.

For the customers of DAB bank, the "DAB one" program has already become a reality. The first new products and services have already been introduced to the market. By the year 2012, DAB bank plans to have completely implemented this program and thereby created the conditions for continued profitable growth.

## Business developments and key indicators

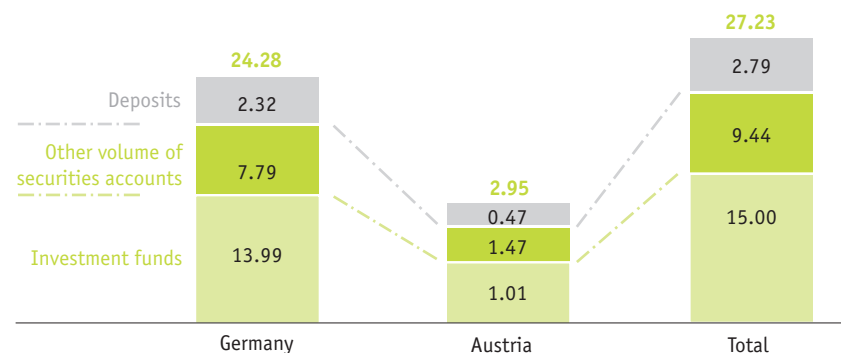
### Customer assets

At €27.23 billion, the volume of customer assets held in custody at the end of 2009 was higher than the corresponding prior-year figure by 17.6% or €4.07 billion. On a Groupwide basis, the volume of customer assets held in securities accounts increased by €4.49 billion to €24.44 billion, while the volume of customer assets held in investment funds increased by €2.66 billion to €15.00 billion and the volume of customer assets held in cash deposits decreased from €3.21 billion to €2.79 billion.

On a Groupwide basis, we held assets worth €10.14 billion for our B2C customers (27.9% more than in 2008). Of that amount, customer assets worth €8.30 billion were held in Germany (+24.8%) and customer assets worth €1.84 billion were held in Austria (+43.8%). We also registered a marked increase in customer assets held for customers of our B2B unit, which rose by 14.7% to €13.16 billion. For Germany, this figure came to €12.05 billion (+12.9%) and for Austria, it came to €1.11 billion (+38.8%).

In Germany, we administered customer assets worth €24.28 billion at the end of 2009 (+15.2%); in Austria, this figure came to €2.95 billion.

## Volume of securities accounts and deposits in € bn



## Volume of securities accounts and deposits

		2009	2008	Change in %
Volume of securities accounts and deposits	€ bn	27.23	23.16	17.6
Germany	€ bn	24.28	21.08	15.2
Austria	€ bn	2.95	2.08	41.8
Volume of securities accounts	€ bn	24.44	19.95	22.5
Germany	€ bn	21.96	18.27	20.2
Austria	€ bn	2.48	1.68	47.6
thereof in investment funds	€ bn	15.00	12.34	21.6
Germany	€ bn	13.99	11.63	20.3
Austria	€ bn	1.01	0.71	42.3
Deposits	€ bn	2.79	3.21	-13.1
Germany	€ bn	2.32	2.81	-17.4
Austria	€ bn	0.47	0.40	17.5

## Securities accounts carried for customers

At December 31, 2009, the DAB bank Group carried 1,058,503 securities accounts for customers (year-end 2008: 1,091,013), that being 32,510 fewer than at the end of 2008. Most of this decrease occurred at FondsServiceBank, where the number of securities accounts was deliberately reduced from 36,549 to 434,750 (year-end 2008: 471,299). The securities deposits carried for customers of our B2B and B2C business units moved in opposite directions. Whereas the number of securities accounts carried for customers of the B2C business unit increased by 8,018 to 511,526 (year-end 2008: 503,508), they declined slightly to 112,227 in the B2B unit (year-end 2008: 116,206).

In Germany, we carried a total of 1,001,788 securities accounts at December 31, 2009 (year-end 2008: 1,037,990). In Austria, our subsidiary direktanla.ge.at posted a net increase of 3,692 securities accounts, bringing the total to 56,715 (year-end 2008: 53,023).

## Securities accounts

		2009	2008	Change in %
Securities accounts	No.	1,058,503	1,091,013	-3.0
Germany	No.	1,001,788	1,037,990	-3.5
Austria	No.	56,715	53,023	7.0

## Trades executed

The sense of uncertainty in the international financial markets had a strong impact on the trading behavior of our customers in 2009. All together, 6,650,480 trades were executed via DAB bank in 2009 (2008: 9,235,034), indicative of a 28.0% decrease in trade orders from the previous year. On a Groupwide basis, the number of trade orders executed for our B2C customers declined by 20.5% to 3,518,447 (2008: 4,426,682). Of that number, 2,566,712 trades were executed in Germany (2008: 3,550,775) and 951,735 in Austria (2008: 875,907).

## Securities trades

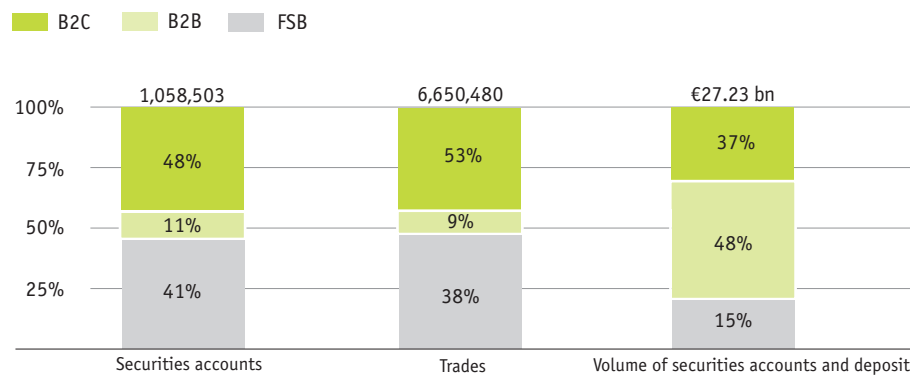
		2009	2008	Change in %
Securities trades	No.	6,650,480	9,235,034	-28.0
Germany	No.	5,512,492	8,173,794	-32.6
Austria	No.	1,137,988	1,061,240	7.2

At 592,367, the number of trades executed for customers of our B2B business unit was 24.5% less than the prior-year figure (2008: 784,202). The number of trades executed in Germany declined by 32.2% to 406,114 (2008: 598,869), while the trades executed in Austria, at 186,253, were little changed from the previous year (2008: 185,333). As planned, the number of trades executed for customers of FondsServiceBank declined by 36.9% to 2,539,666 (2008: 4,024,150).

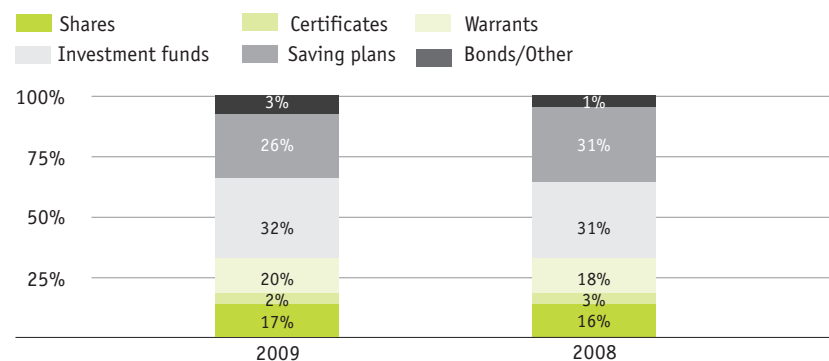
The number of trades executed in Germany vs. in Austria showed a very different development. In Germany, all our customers (including those at FondsServiceBank) executed a total of 5,512,492 trades in 2009, that being roughly 32.6% fewer trades than in the previous year (2008: 8,173,794). This decrease can be attributed in part to pre-emptive effects in anticipation of the flat-rate investment income tax introduced in 2008. The total number of trades executed for customers of our B2B and B2C business units in Germany was 2,972,826 (2008: 4,149,644), indicative of a 28.4% decrease. In Austria, on the other hand, the number of trades executed increased by a total of 7.2% to reach 1,137,988 (2008: 1,061,240).

On a Groupwide basis, the number of trades executed per securities account per year declined from 8.43 in 2008 to 6.21 in 2009. Excluding FSB, this key indicator came to 6.65 (2008: 8.58). In Germany, our customers executed 5.42 (5.28 excluding FondsServiceBank) trades per securities account per year (2008: 7.83; excluding FondsServiceBank 7.47). In Austria, our customers executed 20.74 trades per securities account per year (2008: 20.41).

## Securities accounts, trades and assets under custody subdivided into B2C, B2B and FondsServiceBank



## Trades by category of securities in % (B2C, B2B, FondsServiceBank)



**B2C (business-to-consumer)**

		2009	2008	Change in %
Securities accounts	No.	511,526	503,508	1.6
Germany	No.	471,277	465,855	1.2
Austria	No.	40,249	37,653	6.9
Trades executed	No.	3,518,447	4,426,682	-20.5
Germany	No.	2,566,712	3,550,775	-27.7
Austria	No.	951,735	875,907	8.7
Volume of securities accounts and deposits	€ bn	10.14	7.93	27.9
Germany	€ bn	8.30	6.65	24.8
Austria	€ bn	1.84	1.28	43.8
Volume of securities accounts	€ bn	8.44	6.33	33.3
Germany	€ bn	6.96	5.34	30.3
Austria	€ bn	1.48	0.99	49.5
thereof in investment funds	€ bn	2.69	1.95	37.9
Germany	€ bn	2.33	1.69	37.9
Austria	€ bn	0.36	0.26	38.5
Deposits	€ bn	1.70	1.60	6.3
Germany	€ bn	1.34	1.31	2.3
Austria	€ bn	0.36	0.29	24.1

**SRQ FinanzPartner AG**

		2009	2008	Change in %
Customer assets under custody	€ bn	1.30	1.09	19.2
thereof in securities accounts and deposits	€ bn	0.58	0.55	4.2
thereof other volume	€ bn	0.72	0.53	34.7
Number of customers served	No.	11,743	10,333	13.6
thereof securities account customers	No.	7,465	7,150	4.4
Number of employees	No.	12	14	-14.3
Financial planners	No.	114	108	5.6
Pretax profit	k€	90	404	-77.7

**B2B (business-to-business)**

		2009	2008	Change in %
Financial intermediaries	No.	1,114	1,071	4.0
Germany	No.	887	879	0.9
Austria	No.	227	192	18.2
Securities accounts	No.	112,227	116,206	-3.4
Germany	No.	95,761	100,836	-5.0
Austria	No.	16,466	15,370	7.1
Trades executed	No.	592,367	784,202	-24.5
Germany	No.	406,114	598,869	-32.2
Austria	No.	186,253	185,333	0.5
Volume of securities accounts and deposits	€ bn	13.09	11.47	14.1
Germany	€ bn	11.98	10.67	12.2
Austria	€ bn	1.11	0.80	38.8
Volume of securities accounts	€ bn	12.02	9.89	21.5
Germany	€ bn	11.02	9.20	19.7
Austria	€ bn	1.00	0.69	44.9
thereof in investment funds	€ bn	8.40	6.66	26.1
Germany	€ bn	7.75	6.21	24.8
Austria	€ bn	0.65	0.45	44.4
Deposits	€ bn	1.07	1.58	-32.3
Germany	€ bn	0.96	1.47	-34.7
Austria	€ bn	0.11	0.11	0.0

**FondsServiceBank**

		2009	2008	Change in %
Germany				
Financial intermediaries	No.	32	30	6.7
Securities accounts	No.	434,750	471,299	-7.8
Trades executed	No.	2,539,666	4,024,150	-36.9
Securities accounts and deposits	€ bn	3.93	3.76	4.5
Volume of securities accounts	€ bn	3.91	3.73	4.8
thereof in investment funds	€ bn	3.91	3.73	4.8
Deposits	€ bn	0.02	0.03	-33.30

## Operating results

Despite a challenging market environment, DAB bank boosted its profit considerably in 2009. At €33,575 thousand, the consolidated pretax profit according to IFRS for fiscal year 2009 was 192.3% higher than the corresponding prior-year figure of €11,487 thousand. At €23,310 thousand, the consolidated profit after taxes was 174.7% higher than the prior-year figure (PY: €8,486 thousand).

The earnings per share came to €0.31 (PY: €0.11).

### Dividend distribution

At the annual shareholders' meeting to be held on May 20, 2010, the Management Board and Supervisory Board will propose distributing the full amount of consolidated unappropriated net profit for fiscal year 2009 according to IFRS of €22,556 thousand (PY: €8,271 thousand). This amount corresponds to a tax-exempt dividend of €0.30 per share (PY: €0.11 per share) and a dividend yield of 7.1% as of December 31, 2009.

### Net financial income

At €76,386 thousand, the net financial income showed extraordinarily strong growth in 2009 (PY: €28,363 thousand). Despite the lowered level of interest rates, the net interest income before credit risk provisions rose impressively by 18.7% to €64,732 thousand (PY: €54,549 thousand) as a result of our successful investment strategy. The trading profit, which resulted from the change in fair value of the securities held in the trading book in connection with the DAB Bond Market, rose to €714 thousand (PY: -€5 thousand). Due to the interest-linked securities in the bank's proprietary holdings, the realized and unrealized losses comprised within the net profit/loss from investments increased substantially to €10,940 thousand (PY: -€26,181 thousand). The changes in fair value of the bank's available-for-sale securities, which are recognized directly in equity rather than income, also showed a positive development of €1,849 thousand.

## Credit risk provisions

An addition of €828 thousand to the credit risk provisions was offset in part by a reversal in the amount of €233 thousand, so that the net addition to the credit risk provisions was €595 thousand. The total recoveries on charged-off receivables amounted to €23 thousand.

### Net commission income

On a groupwide basis, the net commission income for fiscal year 2009 amounted to €82,912 thousand. Although this amount was indeed lower than the corresponding prior-year figure of €108,419 thousand, it can be seen as a positive development, given the demanding market environment. Furthermore, fewer trades were executed in the first quarter of last year, due in part to pre-emptive effects related to the introduction of the new flatrate withholding tax on investment income in 2008. Considered separately, both net commission income and net commission expenses were proportionally lower.

### Other operating income

The other operating income comprised a number of non-recurring effects in 2009. For one thing, it contained the income from the sale of the FSB business, but it was also influenced by tax effects from previous years, among other effects. For details concerning the sale of the FSB business, please refer to Note No. 33 in the notes to the financial statements.

## Administrative expenses

The administrative expenses incurred in the operating activities of the DAB bank Group in 2009 amounted to €119,885 thousand. Thanks to the cost optimization measures initiated in the meantime, this amount was 7.2% lower than the prior-year figure (PY: €129,206 thousand). The reduction in administrative expenses was all the more impressive in light of the 14.1% increase in total operating income.

Due to the fact that the sale of the FSB business has been finalized, the associated demigration costs were presented separately from administrative expenses in the income statement, in the line item of restructuring expenses. The restructuring expenses were composed of personnel expenses in the amount of €2,993 thousand, other administrative expenses in the amount of €6,538 thousand and depreciation, amortization and impairments in the amount of €3,708 thousand. For more details on the sale of the FSB business, please refer to Note No. 32 in the notes to the financial statements.

At €40,169 thousand, the personnel expenses not related to the FSB sale were slightly lower in 2009 (PY: €41,149 thousand). We are convinced that the quality of the services provided by DAB bank is critically dependent on our employees, in whose development we continued to invest considerable resources in 2009.

At €70,003 thousand, the other administrative expenses not related to the FSB sale were 10.6% lower than the corresponding prior-year figure (PY: €78,323 thousand). This decrease can be attributed to the practice of strict cost management.

The depreciation of property, plant and equipment and the amortization of intangible assets not related to the FSB sale amounted to €9,713 thousand in 2009, nearly unchanged from the corresponding prior-year figure (PY: €9,734 thousand). This development is indicative of the fact that DAB bank

constantly invests in the further development of its technologies in all market phases, for the benefit of its customers.

## Impairment of goodwill

We conducted an impairment test of the goodwill attributable to SRQ FinanzPartner AG at the balance sheet date. In that connection we recognized an impairment loss of €1,923 thousand. (See Note No. 34).

## Result before taxes

The consolidated result before taxes for 2009 came to €33,575 thousand (PY: €11,487 thousand). DAB bank AG contributed €22,205 thousand (PY: €66 thousand), direktanlage.at AG €11,280 thousand (PY: €11,017 thousand) and SRQ FinanzPartner AG €90 thousand (PY: €404 thousand) to this result. Both DAB bank and direktanlage.at boosted their pretax profits over the respective prior-year figures.

## Net profit

After consideration of income taxes, the consolidated net profit came to €23,310 thousand (PY: €8,486 thousand). After deduction of the non-controlling interests of SRQ FinanzPartner AG, the net profit amounted to €23,299 thousand (PY: €8,359 thousand). This amount corresponds to earnings per share of €0.31 (PY: €0.11).

## Cost-income ratio

At DAB bank, the cost-income ratio is defined as the ratio of administrative expenses (including restructuring expenses and impairment losses in goodwill) to the sum of net interest income after credit risk provisions, the net commission income, the net profit or loss from investments, the trading profit or loss, the net other operating income or expenses and the net other income or expenses.



At 80.1%, the cost-income ratio for the past fiscal year was considerably lower than the corresponding prior-year ratio of 91.8%.

On a groupwide basis, the total income applied for purposes of calculating the cost-income ratio amounted to €168,641 thousand (PY: €140,716 thousand) and the corresponding expenses amounted to €135,047 thousand (PY: €129,206 thousand).

## Balance sheet and financial position

### Total assets and specific balance sheet items

At December 31, 2009, the total assets of DAB bank amounted to €3,120,588 thousand (PY: €3,866,651 thousand). The decrease from the prior-year figure resulted mainly from the decrease in customer deposits, as our customers again purchased more securities. Moreover, some of them withdrew funds from their deposit accounts upon the expiration of the high interest rates offered in connection with our promotional campaigns.

The receivables due from customers in the amount of €227,973 thousand were slightly lower than the corresponding prior-year figure (PY: €268,572 thousand). The credit risk provisions rose to €2,290 thousand (PY: €1,863 thousand). While the receivables due from banks declined from €1,282,764 thousand in the prior year to €475,932 thousand in 2009, the non-current financial assets rose from €2,123,224 thousand at December 31, 2008 to €2,245,076 thousand at the end of 2009. In connection with that development, the liabilities due to customers also declined to €2,786,216 thousand at year-end 2009 (PY: €3,261,370 thousand). The subordinated capital was slightly lower than the prior-year figure. The consolidated equity was €181,160 thousand at the end of 2009, as compared to €165,189 thousand at the end of the prior year. After deduction of the planned dividend, the consolidated equity is €158,604 thousand.

## Legislative environment

The trend towards increased regulation of banks and capital markets that could be observed in previous years continued unabated in 2009. For one thing, the European and national legislative directives, which are based in part on fundamental standards, are necessarily supplemented by numerous detailed regulatory provisions. The implementation of the flat-rate investment income tax, for example, necessitated considerable cost and effort on the part of banks. Furthermore, court rulings also entail consequences for the banking and securities industry, as in the area of liability for financial advice, for example.

In the past year, DAB bank implemented the changed provisions of the EU Payment Services Directive applicable to national and international funds transfers, as well as the provisions of the Accounting Modernization Act and the new Minimum Requirements for Risk Management. Moreover, DAB bank introduced a standardized template to be used for recording the results of financial advisory sessions, in accordance with the amended version of the German Securities Trading Act of 2009.

## Bank regulatory ratios

In connection with the regulatory requirements prescribed by the German Bank Solvency Regulation (SolV), DAB bank AG has opted to apply the standard approach for measuring credit risks, the standard approach according to SolV for measuring market risks and the advanced measurement approach (AMA) for measuring operational risks, as of 2009.

The Group-level monitoring of regulatory ratios is performed by the parent company of DAB bank AG, UniCredit Bank AG (UCB), Munich. This treatment accords with Section 10a of the German Banking Act (KWG) in conjunction with Article 25 Para. 2b of the Large Exposures and Multimillion Loan Regulation (GroMiKV).

At DAB bank AG, regulatory capital is planned on the basis of available capital and the capital charges required to cover default risks, operational risks and market risk positions.

DAB bank also plans the Overall Ratio pursuant to SolvV, which represents the ratio of available capital to necessary capital charges. In accordance with the SolvV, this ratio must be at least 8%. Compliance with regulatory ratios is monitored on a daily basis. DAB bank was in compliance with these ratios at all times in 2009.

The liable equity of DAB bank AG, which is determined on the basis of German commercial law, is €93 million. Due to the lower volume of receivables due from institutions and debentures, the capital charges for default risks declined from €53 million in the previous year to €41 million in 2009. As of December 31, 2009, the capital charges for operational risk amounted to €10 million as calculated by the advanced measurement approach, as compared to approximately €17 million in the previous year, when the standard approach was applied instead. The capital charges for market risk positions declined from €0.58 million in the previous year to €0.36 million in 2009, because the volume of shares held in the trading book was reduced.

Based on the foregoing, the Overall Ratio as per SolvV came to 14.5%, that being 3.7% higher than the ratio at the end of 2008 (10.8%). Thus, the bank's ratio is significantly higher than the minimum required regulatory ratio of 8%. At December 31, 2009, the core capital ratio (Tier 1 ratio) came to 13.41, as compared to 9.22 in the previous year. The changes in the Overall Ratio per SolvV and in the core capital ratio resulted primarily from the marked decrease in necessary capital charges to cover default risks, market risks and operational risks.

For banking regulation purposes, a bank's liquidity is measured by means of the liquidity ratio prescribed by the Liquidity Regulation. This ratio is calculated as the ratio of cash available within one month to payment obligations falling due within the same period. A bank's liquidity is deemed to be adequate when this ratio is at least 1.0. For DAB bank AG, this ratio came to 6.30 at December 31, 2009 (PY: 3.08). Thus, this regulatory requirement was likewise met. Please refer to the Risk Report for details on the change in the liquidity ratio from the previous year.

DAB bank AG is a member of the German deposit insurance fund of the German bankers' association Bundesverband deutscher Banken e.V., Cologne. Under the deposit insurance fund, the cash deposits of every customer of DAB bank are insured up to an amount of currently €28.508 million per customer.

## Employees

As usual, our employees performed outstanding work in 2009.

From 2008 to 2009, the workforce of the DAB bank Group declined from 712 to 663 persons or from 646 to 595 positions. At December 31, 2009, DAB bank had 489 full-time employees in Germany (2008: 532) and 106 employees at direktanlage.at in Austria (2008: 114).

As a rule, all our employees receive a fixed salary component and a variable component that depends on the company's results and the employee's performance. The amount of variable compensation to be awarded varies from

one organizational level to the next. In this respect, however, skilled experts are treated in the same way as managers. The salary components of the members of DAB bank's Management Board are likewise determined on the basis of this structure. For detailed information on the salaries paid to members of the Management Board, please refer to the compensation report on page 15 and No. 72 in the notes to the financial statements. A similar system of salary components determined on the basis of results and performance is practiced at [direktanlage.at](http://direktanlage.at) in Austria and at SRQ.

#### Employees

		2009	2008	Change in %
Employees (headcount)	No.	663	712	-6.9
Germany	No.	544	585	-7.0
Austria	No.	119	127	-6.3
Employees (full-time)*	No.	595	646	-7.9
Germany	No.	489	532	-8.1
Austria	No.	106	114	-7.0

\*Employee capacity = Country-specific full-time equivalent.

## Events after the balance sheet date

No events of particular importance that would have had a material impact on the business performance of DAB bank AG occurred after the end of the fiscal year.

## Report on relationships with related parties

At December 31, 2008, UniCredit S.p.A., Rome, Italy, indirectly held, through its majority interest in Bayerische Hypo- und Vereinsbank AG, Munich (HVB), and HVB directly held 76.36% of the equity in DAB bank AG. By virtue of this majority holding, DAB bank is a directly dependent subsidiary of HVB. The voting rights connected with this investment are ascribed to UniCredit S.p.A. in accordance with Section 21 (1) and Section 22 (1) (1) (1) of the German Securities Trading Act ("WpHG"). A management control agreement does not exist. In accordance with the requirements of Section 312 of the German Stock Corporation Act ("AktG"), the Management Board of DAB bank prepared a report on the relations with affiliated companies for the 2008 financial year (known as the Dependency Report), which closes with the following declaration: "Our company has received appropriate consideration for every transaction listed in the report on the relationships with affiliated companies, according to the circumstances known to us at the time of each such legal transaction. No other actions within the meaning of Section 312 of the Stock Corporation Act (AktG) were taken or omitted."

## Disclosures according to Section 315 (4) HGB

1. The share capital of DAB bank AG amounts to €75,187,007. It is divided into 75,187,007 no-par bearer shares, each of which grants the same rights. Each share has one vote.

2. No restrictions exist that affect voting rights or transfer of shares. Furthermore, no agreements between companies are known to the Management Board that would result in limitations regarding the transfer of voting rights and shares in the company.

3. At December 31, 2009, UniCredit S.p.A., Rome, Italy, indirectly held and UniCredit Bank AG, Munich, directly held 77.13% of the shares of DAB bank AG. No further direct or indirect investments in capital that exceed 10 percent of voting rights exist to the knowledge of the Management Board.

4. There are no holders of shares with special rights granting control authority.

5. To the extent that employees of DAB bank AG have invested in the capital of the company, they directly exercise rights of control over voting rights.

6. The members of the Management Board are appointed and recalled by the Supervisory Board in accordance with the regulations of stock corporation law. All amendments to the Articles of Incorporation require a resolution at the annual meeting of stockholders that is passed with a simple majority of votes cast or of the capital represented at the time of voting. The authority to amend the Articles of Incorporation, which only applies to the wording, has been transferred to the Supervisory Board pursuant to §12 (1) of the Articles of Incorporation in conformity with §179 (1)(2) AktG.

7. The Company is authorized to acquire its own shares pursuant to Section 71 (1) Nos. 7 and 8 AktG, in accordance with the more specific provisions of the resolutions of the Annual Meeting of Stockholders. DAB bank AG purchased company shares in 2009 for the purpose of correcting errors and to process customer orders. Overall, transactions in the period listed above involved 550 shares; this corresponds to a share of € 550 or 0.001 percent of the capital stock. Of this amount, 550 shares were used for correcting errors; this likewise corresponds to a share of 0.001 percent of the capital stock. The issuance of new shares is possible particularly within the framework of the authorizations in connection with Section 4 (2) through (4) of the Articles of Incorporation (Authorized Capital I and II and Conditional Capital I and II).

8. No material agreements between DAB bank AG and third parties exists that become effective upon a change of control as a consequence of a takeover offer.

9. No reimbursement agreements exist that have been made by DAB bank AG with the members of the Management Board or employees for the situation of a takeover offer.

- +++ Transformation to a sales-driven bank +++
- +++ Introduction of active customer contacts in the sales team and call center +++
- +++ Successful customer contacts with structured products +++
- +++ Complete restructuring of IT platform +++
- +++ Pretax profit of €13.4 million leads to first-ever dividend (15 cents per share) +++

2003



DAB bank  
in  
new  
look





## Risk Report

### Risk monitoring and management system of DAB bank

The conscious assumption of risk is an important element of the banking business, as it is not possible for banks to generate income without incurring some risk. A critical success factor for banks is their ability to identify the opportunities and risks arising in the course of their business and to protect and preserve their long-term profitability and capacity to pay dividends, by means of suitable monitoring and control processes on the basis of a differentiated risk measurement policy, while also taking the given capital resources into account. Thus, the success of our group depends to a large extent on our ability to effectively identify, manage and monitor the risks that arise in the course of our business activities.

An important characteristic of our risk management process is the close correlation of profitability and risk considerations in all areas of our business. DAB bank possesses a clearly defined, broad-based risk management and controlling system, which is integrated into the overall management of our business and anchored in suitable organizational structures. In connection with the steering principle, risk capital is allotted to the risk categories and to the group's organizational units. The employees of our group are highly conscious of risks and are actively involved in the risk management and controlling system.

The following twelve principles describe the core components of the risk management and controlling system of DAB bank.

#### ▶ Principle I: Responsibility of the senior management for the strategy of the bank

The senior management adopts the strategy that takes into account the bank's willingness to assume risk and the desired risk-return ratio. It is the duty of the Management Board to define and establish the principles, directives, processes and responsibilities for the internal control system in such a way as to ensure that all business transactions are correctly recorded at all times and the system provides reliable, continuous information on the company's financial situation, for internal and external use. The risk policy of DAB bank is commensurate with the business objective of generating sustainable growth and enhancing the company's value. In this regard, we strive to minimize risks. Because risk management is integrally linked with the strategy planning and execution process, our risk policy is dictated by the Management Board. On an operational level, the risk strategy and related dictates of the Management Board are implemented in the various departments of the bank, and in the Credit and Investment Committees. This strategy also forms the basis for the economic capital calculation and the consistent limit structure. Moreover, it is a basic prerogative of the senior management to establish the business objectives of the company and incorporate them into the overall strategy. Besides the fundamental objectives that are pursued in the bank's commission, lending and trading activities, the senior management also adopts goals regarding the desired structure of portfolios, based on risk-return considerations, and manages the bank's business on the basis of risk-return indicators, tracked by means of suitable reporting instruments.

The senior management and department managers are responsible for establishing organizational structures that properly reflect the prevailing factors and conditions affecting the management of risk and for initiating suitable measures, including organizational directives and instructions, to implement the strategy.



### ▶ Principle II: Clear definition of the organizational structure and of the risk management and controlling process

The roles and responsibilities of all persons involved in the risk process, from the senior management to every employee in the departments and serving on the committees, are clearly defined by means of an appropriate organizational structure, such that all kinds of risk that are relevant to the business of DAB bank are covered. Risk Controlling is the central unit responsible for ensuring the transparency of the operating results and risks of DAB bank. In particular, Risk Controlling is responsible for identifying, analyzing, measuring, limiting and monitoring the risks of the bank, for keeping the Management Board informed of developments in this area, and for monitoring and updating the risk parameters and models. In addition, Risk Controlling is responsible groupwide for defining, quantifying, aggregating and monitoring the components of risk capital and their utilization for risk purposes, and for implementing uniform groupwide standards in consideration of the applicable legal and regulatory requirements. In particular, the Risk Controlling Department bears groupwide responsibility for keeping records of the risk categories of market risk, default risk, operational risk, business risk and investment risk, as well as the non-quantifiable risks of DAB bank.

The reporting channels are transparent and published for everyone in the bank. All requirements imposed by law on the organizational structure, including the principle of dual control, the protection of the confidentiality of data and information and the avoidance of conflicts of interest, are observed on all levels of the organizational hierarchy.

### ▶ Principle III: Separation of functions

With respect to the risk management and controlling process, DAB bank adheres to the principle of independence of the risk controlling function (including responsibility for methods and quality controlling of risk-relevant data) from the risk management function, in accordance with the Minimum Requirements for the Risk Management of Banks in Germany (MaRisk), in order to assure objectivity and avoid conflicts of interest.

### ▶ Principle IV: Heightened risk awareness and culture

DAB bank has established an appropriate organizational structure and regularly takes steps, including the provision of training courses and lectures, to promote in all its employees on all levels of the organizational hierarchy a heightened, comprehensive awareness of risk, also for issues that do not relate directly to their specific area of work, and an appropriate culture of risk awareness. The efficacy of the risk management and controlling system is evaluated continually by the Internal Audit Department.

### ▶ Principle V: Reliable risk management

The consideration of risks is an essential part of every business decision. All activities that are capable of giving rise to relevant risks for DAB bank are managed by way of appropriate guidelines and by limits, when the risk in question is quantifiable. Criteria, framework conditions and directives have been established for every risk category and they must be followed on the operating level. These criteria, conditions and directives are meant to ensure that all risk-prone activities remain within the limits established by the senior management and regulatory authorities. The framework conditions and directives are continually reviewed and provided to employees in a suitable form.

### ▶ Principle VI: Comprehensive risk and limit monitoring

A groupwide uniform system of limits has been established for all quantifiable risk categories. This system also entails the measurement and continuous monitoring of risks under consideration of diversification effects. Quantifiable risks are subject to maximum loss limits, which, upon being approved by the full Management Board, are applied as inputs to the economic capital calculation of DAB bank. The utilization of this general limit for the given risk categories (risk capital) is checked against the available risk-covering potential on a quarterly basis.

If and when such limits are exceeded, a strict, clearly defined system of escalation processes has been defined, so that limit violations can be promptly corrected or the limit in question adjusted.

Non-quantifiable risks are analyzed and constantly monitored on the basis of various qualitative criteria. Furthermore, appropriate corrective action is taken if and when deficiencies are discovered in the risk management process.

### ▶ Principle VII: Allocation of economic capital in conjunction with budgets and risk limits

The allocation of capital to the different risk categories is based on the analysis of the economic risk capital and is closely tied in with the budgeting and limit-setting process. The risk capital is divided up among risk categories. This process supports the goal of managing the company's business with reference to the agreed risk-return indicators, while also controlling the risk propensity of DAB bank. It is completely integrated with other managerial processes such as strategic planning, budgeting and income measurement.

### ▶ Principle VIII: Risk communication and reporting

Identified risks are openly and activity communicated to the applicable areas of responsibility. In addition, the senior management of DAB bank is given extensive, timely information about the company's risk profile in the individual risk categories and about profits and losses based on our internal management information system. Moreover, the Supervisory Board is provided with the information it needs to fulfill its oversight function in accordance with the requirements of law, also on a regular basis.

The internal risk reporting and communication activities are supplemented by external risk disclosures, which are geared to the regulatory requirements and designed to ensure compliance with those requirements.

▶ Principle IX: Implementation of an up-to-date, complete and secure risk information system

The existing information channels assure the complete and timely flow of relevant and internally consistent risk information, which is an essential prerequisite for the appropriate management and supervision of risks within DAB bank.

▶ Principle X: The entire risk process is supported by qualified experts

The senior management ensures that the entire risk process is actively managed and supported by qualified experts continually. The qualifications of the employees in question and the scope of support they provide are appropriate for the complexity and extent of the risks incurred.

▶ Principle XI: Verifying the functioning of risk monitoring

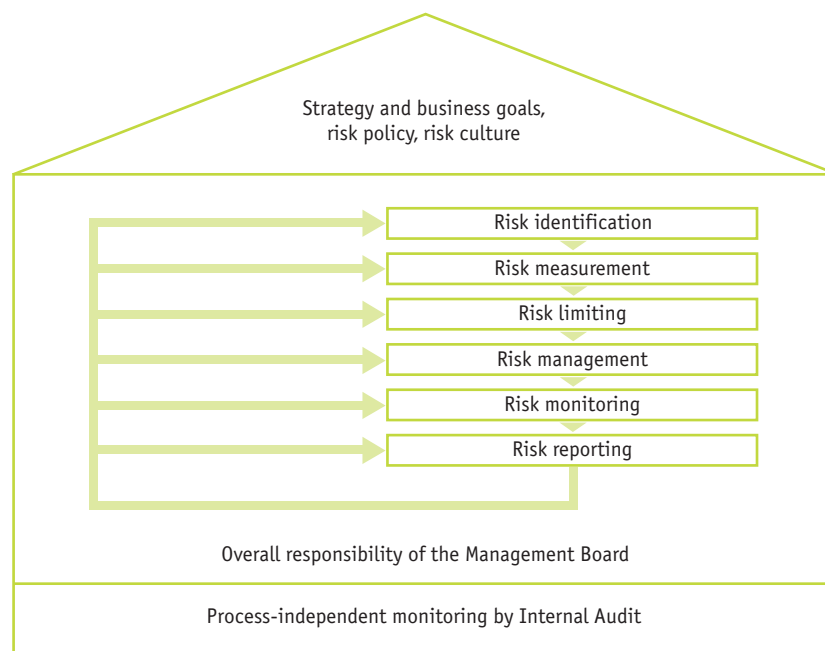
Appropriate and effective control mechanisms have been implemented for all accounting-relevant key processes. These mechanisms are regularly checked and monitored by the employees who are directly or indirectly connected with the controls. The control mechanisms consist of directives and procedures for the identification, measurement, analysis and estimation of risks, and for active risk management, monitoring and reporting. In addition, the Internal Audit Department, as a process-independent instance, certifies the suitability of the risk management and controlling system and verifies compliance with existing procedures. These measures serve to ensure the functionality and effectiveness of the entire risk management and controlling system, as well as related procedures.

▶ Principle XII: Contingency planning

All significant areas of DAB bank are in possession of documented plans that are appropriate for their respective activities in order to ensure the continuation of their business processes (contingency planning) and avoid an interruption of normal business activities or minimize any delays that may occur.

## Risk management and controlling process

The graphic below illustrates the risk management and controlling process of DAB bank, which is generally applicable to all essential risk categories and all units of the group.



## Risk culture and policy

The senior management adopts the strategy that takes into account the bank's willingness to assume risk and the desired risk-return ratio. The goal of the corresponding risk capital management is to optimize the allocation of available capital on the basis of risk-return considerations and to assure the risk coverage capacity of DAB bank at all times. A distinction is made between equity and liabilities in the definition criteria applied for the purpose of calculating the risk-covering potential. In this context, risk-covering potential is understood to mean the equity and debt components available to the bank for the purpose of covering losses. The risk-covering potential represents the financial potential of the bank to absorb unexpected losses. The risk-covering potential is composed of profit and capital components which are always available to the bank for the purpose of covering the losses resulting from risks.

The methods employed by DAB bank to identify, measure and analyze risks are basically compatible with the groupwide standards of the UCG Group in order to ensure the adequacy and consistency of the methods employed both by DAB bank AG and the group:

- ▶ Risk limits are set with reference to loss potential to the greatest extent possible.
- ▶ Anticipated losses and the risk of unforeseen losses are determined with the aid of statistical methods.
- ▶ The validity of all the statistical methods used is verified by means of back-testing procedures.

Risk Management and Risk Controlling work together, each contributing its specialized knowledge to the development and refinement of appropriate bank-wide standards for the quantification of risks.

Instilling and maintaining an appropriate risk culture is a crucial prerequisite for the successful implementation of the business strategy and risk policy. The risk culture encompasses risk-adjusted resource allocation, the employee compensation system, the performance appraisal system, recruitment and hiring, employee development and internal communications.

- ▶ **Employee compensation:** As a basic rule, every employee receives a fixed annual component of salary, plus a variable component that depends on the employee's management level or scope of duties and is appropriately proportional to the fixed salary.
- ▶ **Performance appraisal system:** The performance of every employee is appraised by his or her direct superior. The Human Resources Department is responsible for the performance appraisal system.
- ▶ **Recruitment and hiring:** As a basic rule, DAB bank publicly announces its open positions in order to fill them with the most highly qualified personnel. The requisite qualifications are determined with reference to a uniform, groupwide capabilities profile.
- ▶ **Employee development:** Part of the performance appraisal process involves recognizing the employee's strengths and potentials, identifying appropriate actions and carrying them out. To this end, DAB bank utilizes in-house and outside seminars.
- ▶ **Internal communications:** The internal communication of risks is structured to ensure that problems can be recognized and appropriate actions taken by the responsible departments.

## Risk identification

Risk identification refers to the ongoing examination of risk sources and the assignment of identified risks to the appropriate risk category (risk profile). New, heretofore unidentified risks can arise from changes in the operating environment or from the development and introduction of innovative new products and or product/market combinations. Insofar as newly identified risks cannot be classified within the existing risk profile, the risk profile must be revised. In such a case, the revision or extension of the risk profile must be approved by all relevant departments, so that any necessary adjustments can be made to the risk management and controlling system. All employees of DAB bank are responsible for identifying risks.

## Risk measurement

The comprehensive and correct identification and assessment of risks form the basis for managing the risks to which DAB bank is exposed. Quantitative and qualitative methods are employed to ensure the adequate determination of the risk profile of DAB bank. Non-quantifiable risks are analyzed and monitored with the aid of various qualitative criteria. The methods employed to assess risk are subject to groupwide risk standards, in order to ensure consistency and suitability within DAB bank. In addition to pure risk assessments, risk concentrations are analyzed and stress tests of individual risk types are conducted, the results of which are actively taken into consideration for risk management purposes. The Risk Controlling Department is responsible for risk measurement.

## Risk limitation

The limitation of risk entails the necessity of developing appropriate systems and procedures to limit risks. In the case of quantifiable risks, numerical limits are established. Steps must be taken to ensure that all trading and credit transactions are charged immediately against the relevant limits and that every trader or manager responsible for a “market” department is promptly informed of the limits and the current utilization amounts that are relevant to that area of business. In the case of non-quantifiable risk categories, the risk propensity is documented by way of appropriate explanations. In accordance with the Minimum Requirements for the Risk Management of Banks, all limits are determined by application of the risk coverage capacity method. The conformity of these limits with the bank’s capital resources is assessed by way of uniform limit structures (broken down to the level of limits for individual risks). The risk limits are approved by the Management Board at least once a year and may be exceeded only in exceptional cases with the permission of the corresponding authority holder. The senior management is responsible for setting risk limits.

## Risk management

We understand risk management to mean the operational implementation of the risk strategy by the risk-carrying units of the company, on the basis of the available risk-covering potential. The business divisions implement the defined risk strategy under their own accountability, by assuming risk in a targeted and controlled manner. To that end, DAB bank has instituted a comprehensive system of limits. Based on quantitative and qualitative methods for the adequate, complete and consistent determination of the risk profile, suitable strategies are developed and decisions made to limit risks in connection with the risk management process. Risk management can be either

active or passive. Active risk management employs suitable risk limitation instruments (e.g., risk diversification, risk transfer, risk provisioning) to influence the risk-return ratio both on the level of specific transactions and on the portfolio level. The aim of passive risk management is to influence the root causes of risk, both on the level of individual transactions and the portfolio level, by means of risk avoidance and minimization strategies (e.g., by limiting certain volumes and by setting more favorable terms for new business). Risk management is the responsibility of all affected units of DAB bank, such as the market/sales departments and the senior management.

## Risk monitoring

Risk monitoring entails the continuous monitoring of risk limits on all levels of quantitative risks, the periodic reassessment of the general risk profile and the qualitative monitoring of all risk categories. Risk monitoring is the responsibility of Risk Controlling. In the case of operational risks, the systems, processes, products and activities of the bank are periodically reviewed by the responsible managers to identify any potential risks in continuing operations.

## Risk reporting

All relevant decision-makers, those being the members of the Management Board, the business unit and corporate staff department heads and other key personnel, as well as the members of the Supervisory Board, are provided with risk-relevant information as promptly as possible. This covers regular reporting and ad-hoc reports when the occasion or circumstances warrant. Besides internal reporting within DAB bank, the risk reporting function also encompasses reporting to regulatory authorities such as the BaFin and the German Bundesbank. Also, the required risk information is provided in con-



nection with external audits performed by independent auditors. Risk reporting is the responsibility of Risk Controlling.

## Internal Audit

DAB bank takes the necessary steps within its organizational structure to ensure the presence of effective internal controls. The internal control system consists of the process-dependent Internal Control System (ICS) and the process-independent Internal Audit Department. As an internal department that reports directly to the Management Board, Internal Audit monitors and evaluates the effectiveness and adequacy of risk management in general and the internal control system in particular, as well as the adequacy of basically all the activities and processes of DAB bank. Internal Audit also provides advice and support in projects, without compromising its independence and by taking steps to avoid conflicts of interest.

In accordance with the MaRisk regulations, all activities and processes of DAB bank, even those that have been outsourced, are audited at appropriate intervals of time, but not less than once every three years. Any special risks are evaluated at least once a year. All the activities of Internal Audit are designed to prevent losses for the bank and its customers and to optimize the efficiency and profitability of business processes.

The targets of internal audits are determined on the basis of a risk-oriented, annually updated audit plan that takes the risk content of the processes into account.

To allow for comprehensive monitoring of the entire group, the Internal Audit Departments of DAB bank AG and direktanlage.at AG operate under the functional coordination or leadership of the Internal Audit Department of DAB bank AG. SRQ FinanzPartner AG has also delegated these duties to the Internal Audit Department of DAB bank AG.

## Risk management and internal control system, as it relates to financial accounting

As a result of the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz - BilMoG), the statutory requirements for capital market-oriented companies were expanded such that both the main features of the current risk management system (RMS) as well as the applied internal control system (ICS) with respect to (consolidated) financial reporting must be described.

In accordance with E-GAAS 5 (Draft German Amendment Accounting Standard 5), the DAB bank Group is pursuing the following primary goals:

- ▶ identification and assessment of risks that could conflict with the goal of ensuring that the (consolidated) financial statements conform to regulations;
- ▶ limitation of identified risks; and
- ▶ review of identified risks with respect to their influence on the consolidated financial statements and the corresponding presentation of these risks.

These goals have been incorporated into DAB Bank Group's risk management system. The internal control system represents an integral component of the risk management system for monitoring and managing risks, whereby DAB Bank Group's internal control system for (consolidated) financial statements and financial reporting should ensure adequate security in the preparation and truthful presentation of published financial figures - with respect to the regulatory compliance of both the consolidated financial statements as well as financial reporting - in accordance with the statutory requirements for the DAB Bank Group.

DAB bank AG's Management Board is responsible for designing and maintaining an adequate internal control system for the Group's consolidated financial statements and financial reporting.

The applied processes are embedded in the following core elements:

- ▶ (Group-wide) classification guidelines
- ▶ (Group-wide) accounting policies
- ▶ separation of function and responsibility with respect to bookkeeping and preparation of the financial statements
- ▶ rules of access for all relevant IT systems

DAB Bank Group's internal control system includes in particular guidelines that regulate the storage of documents that provide sufficiently detailed and appropriate information regarding business activities and the use of assets and that ensure with the requisite security that all transactions that are necessary for the preparation and truthful presentation of financial reporting are recorded.

All processes include controls intended to ensure the accuracy of accounting and financial reporting, whereby both the processes as well as the controls derived from them are continuously reviewed to ensure that they are suitable and up-to-date.

In addition, we have implemented the following central measures to ensure the effectiveness of the internal control system:

- ▶ weekly scheduled meetings to exchange information
- ▶ monthly plausibility review of balance sheet and comprehensive income statement
- ▶ monthly reports to the Management Board
- ▶ regular reports from the Management Board to the Supervisory Board
- ▶ control tests as part of consolidated reporting by the respective parent company
- ▶ periodic reviews by the internal auditing department

DAB bank AG's consolidated financial statements are included in the consolidated financial statements of UniCredit S.p.A., Rome, Italy (UCG), via the (sub-group) consolidated financial statements of UniCredit Bank AG, Munich (HVB). UCG is subject to the statutory provisions of Italian regulatory laws and in this context is required to fulfill the requirements set forth in Law 262 (2005). Law 262 was introduced with the goal of increasing trust in the accuracy and reliability of published financial reports.

All technical and IT-related processes that could have an effect on financial reporting were defined in accordance with each specific legal requirement as part of DAB bank AG's introduction of an internal control system that is in line with the requirements of Law 262. The risks associated with these processes were identified, assessed, and documented accordingly. Existing modeled processes and their risks are continuously reviewed to ensure that they are up-to-date. This way, we can also satisfy the numerous impending requirements for the quality and reliability of consolidated financial statements and financial reporting.

+++ Sales-driven bank model enhanced by way of successful customer contacts and marketing +++

+++ Acquisition of FondsServiceBank GmbH (FSB) +++

+++ Pretax profit of €16.1 million leads to dividend of 18 cents per share +++

2004



## Definition of relevant risk categories

DAB bank recognizes the following risk categories:

- ▶ Default risk
- ▶ Market price risk
- ▶ Operational risk
- ▶ Business risk
- ▶ Investment risk
- ▶ Liquidity risk
- ▶ Reputation risk
- ▶ Strategic risk.

Liquidity risk, strategic risk and reputation risk are defined as non-quantifiable (qualitative) risks and all other risks are treated as quantitative risks.

Other risk categories are not relevant to the duties of the Risk Controlling Department of DAB bank.

### Default risk

Default risk refers to the risk of value losses resulting from the default or credit rating deterioration of customers or counterparties. For DAB bank, default risk encompasses traditional credit risk, issuer and counterparty risk and country risk.

Credit risk refers to possible value losses in the commercial lending business. This risk is accounted for by means of establishing credit risk provisions.

Issuer risk refers to the risk of value losses of securities or the non-fulfillment of obligations derived from securities due to the default or credit rating deterioration of the issuer.

Counterparty risk encompasses settlement risk and replacement risk. Settlement risk is inherent in the possibility that a counterparty would fail to fulfill its delivery or payment obligations after the bank has rendered its corresponding performance. Replacement risk is inherent in all transactions for which the trade date is different from the settlement date. In such cases, the bank runs the risk that it would have to replace a given position at possibly less favorable terms in the market as a result of non-fulfillment by the counterparty.

Country risk refers to the risk of value losses resulting from restrictions or prohibitions on currency transfers or conversions or other sovereign measures taken by the country of the borrower (transfer risk). Country risks arise from cross-border transactions denominated in foreign currencies. Country risk also encompasses the default risk of sovereign governments and central banks (sovereign risk).

### Market price risk

Market price risk refers to the risk of value losses resulting from changes in market prices or in the parameters that influence market prices. General market risk parameters are those factors that are influenced by macroeconomic, geopolitical and other market-related developments, independently of individual instruments or securities. They include changes in the level, slope or shape of yield curves (interest rates), the level of stock indexes, foreign exchange rates, energy, metal and commodity prices and the risk premium that must be paid in excess of the interest rate of a risk-free investment. At DAB bank, market price risk encompasses interest rate risk, share price risk and foreign currency risk.

## Operational risk

Operational risk refers to the risk of losses resulting from defective internal processes, human error, technology failure or external events. This definition also includes legal risks, but not strategic risks or reputation risks.

## Business risk

Business risk refers to the possible discrepancy between the actual value of a company and the expected value due to unforeseen changes in business volumes and/or margins. Business risks can develop in particular from substantially worsened market conditions, changes in the company's relative competitive strength or customer behavior, as well as changes in the applicable legal framework.

Due to the high level of dependency on commission income from trading activities, we at DAB bank understand business risk to mean, in particular, the possibility that planned trading income and expenses from trading activities cannot be achieved as a result of worse-than-expected market and competition conditions.

## Investment risk

Investment risk refers to potential losses on investment capital and from liability risks (as under letters of comfort, for example) or from profit/loss transfer agreements (loss absorption) with associated companies.

## Liquidity risk

Liquidity refers to all cash and cash equivalents at the bank's disposal, minus its payment obligations. A company is considered to have sufficient liquidity when it can satisfy all payment claims against the company and its own

funding needs at all times, either by means of adequate liquidity or by free access to funding sources. Thus, liquidity risk refers to the possibility that the bank would not be able to satisfy its payment obligations and its own funding needs, or not to a satisfactory extent or not at the required times, with the result that it could possibly become insolvent or would be able to raise sufficient liquidity only at increased costs.

DAB bank also ascribes market liquidity risk to liquidity risk. Market liquidity risk refers to the possibility that the bank's positions in a given product portfolio cannot be liquidated within a certain period of time without a significant change in value.

## Reputation risk

Reputation risk refers to the possibility that public confidence in the bank's integrity could be impaired as a result of negative publicity concerning the business conduct and relationships of the bank, whether accurate or not, and therefore have a negative impact on the bank's business performance.

## Strategic risk

Strategic risk issues from the possibility that the company's management would fail to recognize or correctly assess important developments and trends in the banking sector. In such an event, the senior management could possibly make fundamental business decisions that later prove to be ill-advised, with regard to the company's ability to achieve its long-term business objectives, and may also be very difficult to reverse after the fact.



## Adjustments and further developments of the risk monitoring and management system

The bank's risk measurement and monitoring methods are subjected to constant further development and improvement. These efforts are dictated both by the high standards we set for ourselves and by the legal and especially regulatory requirements.

Above all, we made the following adjustments in fiscal year 2009

- ▶ In connection with the management of operational risks, the method applied for calculating the necessary capital charges to cover operational risks was converted with effect from January 1, 2009, after the German banking regulation authority examined and confirmed the fulfillment by DAB bank AG of the requirements for applying the Advanced Measurement Approach (AMA) in 2008.
- ▶ In connection with business risk, slight adjustments were made during the year to the calculation methods used for risk assessment, based on quality improvements.
- ▶ In connection with the new MaRisk, we began already in 2009 to implement key elements such as the further development of the liquidity risk management system (improved risk measurement) and the measurement and management of risk concentrations.
- ▶ In 2009, we further refined the methods used to calculate the risk-covering potential.

In 2010, we will finish implementing the new requirements of the amended MaRisk and further develop our internal methods for calculating the risk-covering potential and risk capital, both in terms of methodology and quality. Moreover, we will further improve the measurement of certain risk types, including liquidity risk, in particular.

## Risk monitoring and management system of DAB bank in 2009

### Overall risk situation and risk-covering potential

At year-end 2009, the risk-covering potential of DAB AG amounted to €256.47 million (PY: €296.84 million). The change in the risk-covering potential resulted mainly from the use of a more conservative calculation method. In consideration of diversification effects, the maximum assignable limit amount was €278 million. Compared with the aggregated risk capital of €212.36 million (PY: €188.73 million), the rate of utilization of the risk limits of DAB AG was 76.39%. The changes in the necessary risk capital resulted mainly from the application of a more conservative calculation method, as described in more detail in the comments on the various risk types.

The risk capital required for each business unit or group unit is determined as part of the annual planning process, in consideration of the risk-covering potential, the identified risk potential and the currently applicable risk policy, in close cooperation with the Risk Controlling Department and the business units or group units, and is approved by the Management Board. The risk capital indicators are incorporated into the management and reporting instruments of the bank. The aggregated risk capital is subjected to a risk coverage capacity analysis in which it is compared with the available risk-covering potential, also in consideration of diversification effects, on a quarterly basis. The results are reported to the Management Board of DAB bank on a quarterly basis.



We intend to optimize the group's risk-return profile by means of active capital management. The three group companies are evaluated on the basis of their profit contributions and their risk contributions as well. To that end, Risk Controlling measures the relative proportion of groupwide risk contributed by each one of the group companies.

The risk capital requirements and utilization rates of risk capital limits for DAB bank at year-end 2009 are presented in the table below:

in €mn as of 12/31	Risk capital	Risk capital requirement	Utilization	Risk capital	Risk capital requirement	Utilization
	2009	2009	2009	2008	2008	2008
<b>Market risk</b>						
Germany	85.00	61.46	72.30%	57.50	47.73	83.01%
Austria	20.00	17.16	85.82%	5.50	3.97	72.18%
<b>Default risk</b>						
Germany	90.00	71.62	79.58%	125.00	74.05	59.24%
Austria	10.00	5.17	51.67%	10.00	3.67	36.70%
<b>Business risk</b>						
Germany	40.00	33.37	83.41%	60.00	32.42	54.03%
Austria	10.00	6.06	60.62%	7.50	5.63	75.07%
<b>Operational risk</b>						
Germany	15.00	10.15	67.67%	17.00	16.81	98.88%
Austria	4.00	3.60	90.00%	4.00	3.26	81.50%
<b>Equity investment risk</b>						
Germany	4.00	3.76	93.97%	2.00	1.19	59.50%
<b>Total</b>	<b>278.00</b>	<b>212.36</b>	<b>76.39%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>

## Default risk

### Risk management and risk controlling process

With regard to credit risk, the operational and disciplinary separation of market functions and back office functions is organizationally assured on all levels of the credit-extending units of DAB bank. Because of this separation and by dint of our profound knowledge of the sectors the products and the high quality of credit decisions – and consequently the decisions concerning the assumption of risk – is assured at all times. At DAB bank, loan exposures larger than €2 million are approved by the Credit Committee. The Credit Committee currently consists of eight members, including the full Management Board. In accordance with internal regulations and in compliance with the MaRisk, the committee is organized in such a way that the back-office loan approval instance cannot be overruled. Furthermore, any loan exposure must be compatible with the credit risk strategy of DAB bank in order to be approved.

A counterparty and issuer risk emanates exclusively from our investment activities. Accordingly, counterparty risk is managed in the Investment Committee.

The country risks to which DAB bank is exposed play a subordinated role. Minor country risks exist with regard to both our lending activities and our investment activities. These risks are therefore managed by the persons responsible for the corresponding portfolios.

We employ both quantitative indicators and qualitative criteria for the purpose of identifying default risk. The default risks arising from trading activities (counterparty, issuer and country risks) are managed by means of a uniform limit system, which is designed to limit the potential losses associated with default risks.

In its limit system, DAB bank generally makes a distinction between the following kinds of default risks:

- ▶ Credit value-at-risk limits, which are determined on the basis of the risk coverage capacity of DAB bank. The default risk exposure for which these limits are defined is quantified on a quarterly basis with the aid of the portfolio model of the UCG. Reports on the utilization of these limits are also generated on a quarterly basis.
- ▶ Volume or risk-equivalent limits, which are defined for issuers, counterparties and countries. The exposure associated with issuer and counterparty risks is calculated every banking day, the exposure associated with country risks once a month. Reports on the limits and the utilization rates of these limits are generated on a monthly basis.

When individual counterparty and issuer limits have possibly been exceeded, an escalation process is triggered immediately and the steps taken to promptly reduce the affected positions are monitored.

The purpose of the limit system of DAB bank is to prevent unwanted or uncontrolled increases in our risk positions. Once completed, every trade is recorded without delay and promptly charged against the respective limit. By this means, every trader is able to check the current limits and the risk controller is able to directly monitor the limits per counterparty and issuer.

The senior management is informed of the situation of default risks (counterparty, issuer, country and credit risks) and the utilization of the limits established for these risks on a regular basis.

For the purpose of daily risk measurement and management, we quantify the counterparty, issuer and country risks in dependence on the risk category and product type with the aid of market values, notional values or flat-rate methods.

For the quarterly survey of its default risks, DAB bank employs a default risk model developed by the UCG Group, by means of which default-induced credit and counterparty risks can be measured and assessed worldwide. The default risk model has been implemented on an IT platform, which assures the consistent calculation of the credit value-at-risk and the regulatory capital requirements according to Basel II on the basis of the input parameters and data basis applied.

In measuring default risk, we make a distinction between the expected loss and the unexpected loss (as a variation of the credit value-at-risk). The expected loss reflects the default loss in the current credit portfolio that can be expected to occur in the next twelve months on the basis of the internal credit ratings and the available security. For calculating the expected loss, the business volume at default (exposure at default) is estimated by analogy to Basel II. For the credit risk and country risk, this amount is calculated as the amount that would be utilized at the balance sheet date. For this purpose, the varying risk levels of the different credit types are taken into account.

The parameters assumed for calculating the exposure at default and for quantifying the loss given default are based on the average statistical values of the group's internal defaults and losses for many years, as well as external reference data.

The credit value-at-risk (unexpected loss) provides an indication of the greatest negative deviation between the actual loss and the anticipated loss which will not be exceeded, with a probability of 99.97%, within the next twelve months. Risk capital is allocated in respect of this loss potential as a security buffer, with due consideration given to portfolio effects.

The reliable determination of default probabilities is crucially important both in making a credit decision and also for purposes of the bank's internal default risk model. For this purpose, DAB bank uses the rating system applied by the UCG. This rating system is continually optimized with the aid of modern statistical methods, in order to assure the greatest possible precision and forecast quality with regard to the default probability of a given counterparty.

The rating or scoring process results in the assignment to a credit rating category within a ten-point scale. In some methods, a more precise differentiation is conducted, in that three sub-categories are distinguished within each credit rating category.

The rating and scoring procedures are subjected to constant monitoring. They are reviewed every year and either recalibrated or completely overhauled in case of need. This process ensures the periodic review of all rating procedures. The comparability of external issuer ratings with internal ratings is assured by making reference to a transformation table. The ratings of the leading rating agencies are used for that purpose.

### Development of default risks in 2009

The developments in the first half of 2009 in particular were dominated by the continuing turmoil in the international financial markets resulting from the subprime crisis. Market tensions began to ease only in the second half of the year, leading to a slight reduction in the credit VaR utilization amount, which came to €76.79 million at December 31, 2009, as compared with €77.72 million at December 31, 2008.

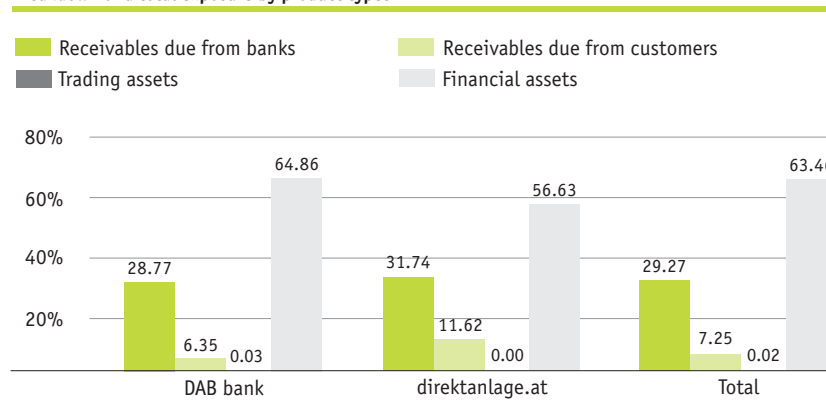
The default risks inherent in the customer exposures and own-account trading positions of DAB bank at December 31, 2009 are presented on an aggregated basis in the table below.

#### Default risk (confidence level 99.97%; holding period one year)

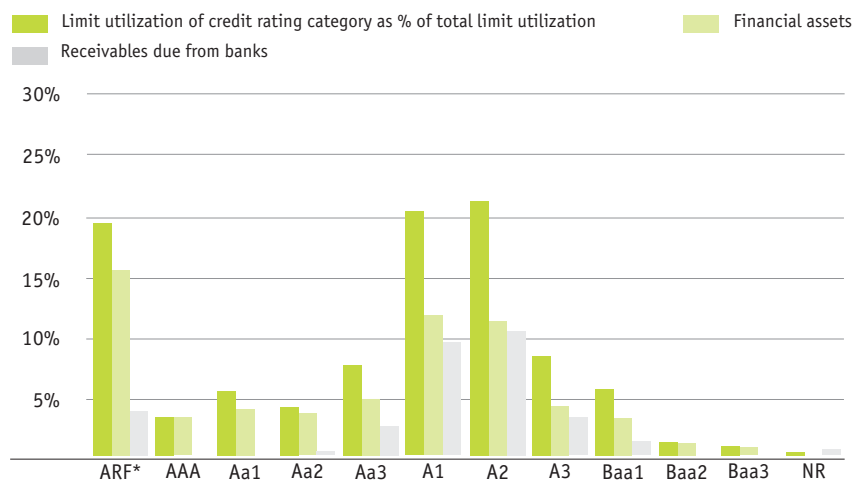
in € mn as of 12/31	2009	2008
<b>Germany</b>		
Credit VaR	71.62	74.05
Limit	90.00	125.00
Utilization	79.58%	59.24%
<b>Austria</b>		
Credit VaR	5.17	3.67
Limit	10.00	10.00
Utilization	51.67%	36.70%
<b>Group</b>		
Risk	76.79	77.72
Limit	100.00	135.00
Utilization	76.79%	57.57%

None of the security backing the customer loan portfolio of DAB bank is past-due or has been written down in value. As a rule, only fungible securities are accepted as security for loans.

#### Breakdown of a total exposure by product types



### Breakdown of limit utilization rates in the own-account trading portfolio (DAB bank Group) by credit rating categories



\*No default risk

### Breakdown of total exposure by credit rating categories

Limit utilization of credit rating category as % of total limit utilization	ARF	AAA	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	NR
<b>Limit utilization</b>	19.32	3.84	5.06	4.35	7.54	21.95	21.53	8.14	5.89	1.69	0.51	0.18
<b>Financial assets</b>	15.18	3.84	4.73	4.17	4.99	12.22	11.44	4.56	3.92	1.69	0.51	0.18
<b>Receivables due from banks</b>	4.14	0	0.33	0.18	2.55	9.72	10.09	3.58	1.97	0	0	0

The following tables provide detailed information on the notional and market values of all the derivative positions of DAB bank.

### Derivative instruments as of 08/12/31

in k€	Notional Amounts			Market Values		
	Up to 1 Year	Residual Term 1 to 5 Years	> 5 Years	Total	Positive	Negative
<b>Interest-based derivatives</b>	5,600	5,600	-	11,200	250	250
OTC products	-	-	-	-	-	-
Exchange-traded instruments						
Interest futures	5,600	5,600	-	11,200	250	250
Options on interest futures	-	-	-	-	-	-
<b>Currency-based derivatives</b>	232,411	15,537	-	247,948	5,271	5,168
OTC products						
Currency futures	232,411	15,537	-	247,948	5,271	5,168
Currency options						
-Purchases	-	-	-	-	-	-
-Sales	-	-	-	-	-	-
Other currency contracts	-	-	-	-	-	-
Exchange-traded instruments						
Currency futures	-	-	-	-	-	-
Currency options	-	-	-	-	-	-
<b>Stock/index-based instruments</b>	139,180	5,709	-	144,889	14,476	14,476
OTC products						
Stock/index swaps	-	-	-	-	-	-
Stock/index options	-	-	-	-	-	-
-Purchases	-	-	-	-	-	-
-Sales	-	-	-	-	-	-
Other stock/index contracts	-	-	-	-	-	-
Exchange-traded instruments						
Stock/index futures	17,752	45	-	17,797	11,839	11,839
Stock/index options	121,428	5,664	-	127,092	2,637	2,637
<b>Total</b>	<b>377,191</b>	<b>26,846</b>	<b>-</b>	<b>404,037</b>	<b>19,997</b>	<b>19,894</b>

**Counterparty types**

in k€	Notional amount	
	2009	2008
OECD banks	202,018.5	135,495
Other institutions and private individuals	202,018.5	135,495
<b>Total</b>	<b>404,037</b>	<b>270,990</b>

**Market price risk****Risk management and risk controlling process**

Both the Investment Committee, which is composed of the full Management Board and the Head of Finance & Controlling, and the market unit are responsible for managing market risk in accordance with the adopted strategy of DAB bank. By reason of its limited trading activity, the subsidiary da.at is classified as a non-trading-book institution.

The risk positions in the investment and trading books are monitored in the Risk Controlling Department of DAB bank using a consistent limit system, by means of which the potential losses associated with market risks are identified at an early stage and limited.

When the limits have possibly been exceeded in the sub-portfolio level, an escalation process is triggered immediately and the steps taken to reduce the affected positions are monitored. The Risk Controlling Department has direct access at all times to the front-office systems used in Trading and can therefore monitor the risk situation and the compliance with risk limits also on an intra-day basis, if necessary.

DAB bank AG – without consideration of credit spreads – uses the value-at-risk method of modern historical simulation to determine its market risk. For purposes of daily risk measurement and management, the bank quantifies the value-at-risk on the basis of a confidence level of 99% and a holding period of one day. Because the trading and banking books are managed on a joint basis, the value-at-risk is also present-ed on an aggregate basis. For the purpose of determining and allocating the risk capital required to cover positions bearing market risk, the value-at-risk is scaled by analogy to the other risk categories to a confidence level of 99.97% and a holding period of one year, with due consideration given to portfolio effects. To measure foreign currency risk, we employ a statistical approach based on conservative assumptions.

In addition to ongoing risk monitoring, the Risk Controlling Department of DAB bank AG also conducts monthly stress tests, which indicate the loss potential of our market risk positions in response to extreme market changes. Such potential losses are likewise monitored by way of a limit system. The adequacy of the risk measurement methodology of DAB bank AG is verified by regular back-testing, in which the calculated value-at-risk figures are checked against the market value changes calculated on the basis of the corresponding positions. The results of back-testing have confirmed the high forecast of our risk model.

The Management Board is continually informed about the development of market price risks, limit utilization and the profit and loss situation. It is informed about the results of the risk analyses, including back-testing and stress-testing, on a monthly basis. The Management Board is also informed of the market risk situation as it relates to the risk-covering potential of DAB bank, on a quarterly basis.

## Development of market risk in 2009

The progressive easing of tensions in the financial markets over the course of 2009, combined with the continued practice of our conservative investment strategy, led to a significant reduction in our market risk positions in Germany. On the group level, the expanded investment volume at direkt-anlage.at, which resulted, in turn, from higher customer assets held in custody, led to an increase in market risk positions. Due to the adjustments made to the calculation methods applied, which had the effect of making them more conservative, the amount of market risks increased significantly on a full-year basis.

The market risks inherent in the own-account trading positions of DAB bank at December 31, 2009 are presented on an aggregated basis in the table below.

### Market Risk (confidence level 99.97%; holding period one year)

in € mn as of 12/31	2009	2008
Germany		
Risk	61.46	47.73
Limit	85.00	57.50
Utilization	72.30%	83.01%
Austria		
Risk	17.16	3.97
Limit	20.00	5.50
Utilization	85.82%	72.18%
Group		
Risk	78.62	51.70
Limit	105.00	63.00
Utilization	74.88%	82.06%

On the level of DAB bank AG, only one negative excess over the forecast value was determined by means of backtesting in 2009.

## Operational risk

### Risk management and risk controlling process

Managing operational risk is the responsibility of the respective operating units of DAB bank. These activities are conducted with the aid of an internally defined operational risk management process within the group. The operational risk managers in the respective business units or group units are responsible for the operational implementation and execution of this process, which entails the collection, analysis, evaluation and quality assurance of potential and actual risk data and the planning of appropriate measures. Their work is coordinated, monitored and followed up by a central operational risk manager in the Risk Controlling Department.

The Risk Controlling Department manages operational risks and incidents of loss or damage with the aid of a database, which forms the basis for the targeted and detailed correction or reduction of errors and losses. In this connection, operational risk analyses are conducted with the operating departments and functional experts at least once a year, as part of the risk assessment process.



The required risk capital for operational risks are calculated on a quarterly basis using a tool provided by the UCG Group. For that purpose, the required risk capital for DAB bank AG are calculated by application of the AMA approach and for da.at by application of the Standard Approach (STA). In that regard, the Risk Controlling Department of DAB bank is responsible for ensuring that all relevant factors from the internal op-risk database are promptly imported into the UCB system.

The Risk Controlling Department keeps the operating units and the Management Board informed of the significant potential and actualized operational risks by means of regular reports.

### Development of operational risk in 2009

As a result of the measures taken and the continual improvement of those measures, the economic measures taken in respect of many potential risks reduced both the occurrence and the effects of those risks. Such measures included the improved system performance of DAB bank, internal process and system improvements and process improvements with external service providers.

The sharp decrease in operational risks resulted mainly from the new calculation method used by DAB bank AG, as this approach relies directly on risk factors such as internal bank loss and risks, as opposed to a generalized approach based on income figures.

#### Operational risk (confidence level 99.90%; holding period one year)

in € mn	2009	2008
<b>Germany</b>		
Risk	10.15	16.81
Limit	15.00	17.50
Utilization	67.67%	96.06%
<b>Austria</b>		
Risk	3.60	3.26
Limit	4.00	3.5
Utilization	90.00%	93.14%
<b>Group</b>		
Risk	13.75	20.07
Limit	19.00	21.00
Utilization	72.36%	95.57%

On an aggregated basis, the significant operational risks of DAB bank at December 31, 2009, as in the previous year, arose in the following risk categories:

- ▶ erroneous assessment of relevant facts;
- ▶ lacking or malfunctioning building infrastructure;
- ▶ defective processing;
- ▶ system failure or performance problems;
- ▶ fraud.

## Business risk

### Risk management and risk controlling process

As part of the general responsibility for income and costs, the operational implementation of the measures adopted by the Management Board to manage business risk is the responsibility of the managers bearing budget responsibility.

Business risks are measured and subjected to plausibility analysis by the Risk Controlling Department. The business risk is measured on the basis of a value-at-risk approach. For this purpose, income and cost volatilities are measured on the level of the operating units and then condensed, with consideration given to correlation effects, to arrive at a value-at-risk, which represents the potential changes in the value of the company that are associated with business risks. The risk measurement results are reported to the Management Board on a regular basis.

### Development of business risk in 2009

The business risk of DAB bank at December 31, 2009 is presented on an aggregated basis in the table below.

#### Business risk (confidence level 99.97%; holding period one year)

in € mn as of 12/31	2009	2008
<b>Germany</b>		
Risk	33.37	32.42
Limit	40.00	60.00
Utilization	83.41%	54.03%
<b>Austria</b>		
Risk	6.06	5.63
Limit	10.00	7.50
Utilization	60.62%	75.07%
<b>Group</b>		
Risk	39.43	38.05
Limit	50.00	67.50
Utilization	78.85%	56.37%

Compared to the previous year, the business risk was slightly higher on the overall bank level, mainly due to the change in the calculation method applied.

## Investment risk

### Risk management and risk controlling process

At DAB bank, investment risk is calculated for the operating units of the group. On the group level, no investment concentration may exceed 5%, based on the calculated investment risk. In the DAB bank Group, only SRQ FinanzPartner AG is subject to investment risk. At DAB bank, investment risk is calculated by means of a risk discount on the carrying amount of the investment. The risk measurement results are reported to the Management Board on a regular basis.

## Development of investment risk in 2009

The investment risk in SRQ FinanzPartner AG at December 31, 2009 is presented on an aggregated basis in the table below:

### Investment risk (confidence level 99.97%; holding period one year)

in € mn as of 12/31	2009	2008
<b>Group</b>		
Risk	3.76	1.19
Limit	4.00	2.00
Utilization	93.97%	59.50%

The significant increase in the investment risk over the previous year resulted mainly from the higher equity interest of DAB bank in SRQ FinanzPartner AG.

## Liquidity risk

### Risk management and risk controlling process

The Investment Committee is responsible for making investment decisions within the framework of the strategy adopted by the Management Board for managing liquidity risks and in compliance with the regulatory requirements and with the bank's internally defined processes. Thus, the Investment Committee bears the ultimate responsibility for shaping the liquidity and investment strategy. This committee is composed of the full Management Board and the Head of Finance & Controlling. It usually meets once a week. In these meetings, the committee members evaluate the composition of the investment portfolio and the recent value changes with reference to the defined targets, and make adjustments where necessary. The Investment Committee also discusses the development of the net financial income, which is composed of the net profit or loss from investments, the net trading profit or loss and the net investment income or expenses, as well as

measures to control the performance of this key indicator. The Investment Committee manages that DAB bank always has sufficient liquidity. The Trading Department implements the investment decisions that have been made. Risk Controlling is charged with the task of identifying and monitoring potential liquidity risks. When liquidity risks are discovered by the liquidity management function, they are discussed immediately in the Investment Committee, after first checking back with the head of the corresponding operating department, so that liquidity assurance measures can be promptly initiated.

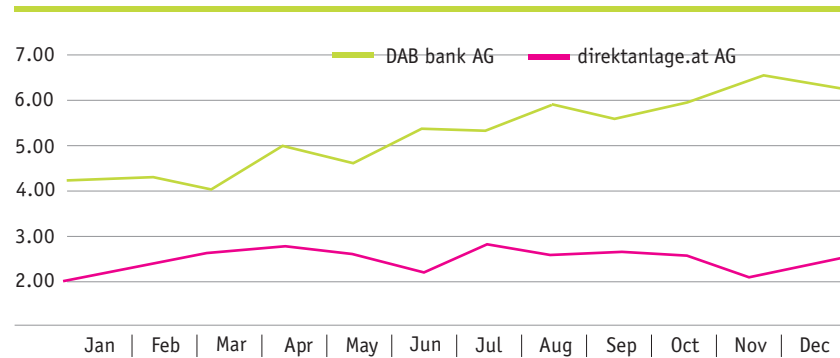
For the purpose of monitoring short-term liquidity risk, DAB bank uses the regulatory calculations prescribed by the Liquidity Regulation (LiqV). These calculations are generated and monitored on a regular basis. Additional risk monitoring steps are conducted in connection with the periodic analyses of liquidatability and diversification.

Finance & Controlling informs the Management Board and the weekly meeting of the Investment Committee about the liquidity situation of DAB bank by means of regular reports.

### Development of liquidity risk in 2009

As a result of the progressive easing of tensions in the financial markets and the continued practice of a conservative investment strategy by DAB bank, no discernible a heightened liquidity risk arose for DAB bank on a full-year basis. This result is reflected also in the development of the LiqV ratios of DAB bank AG and da.at AG. From the beginning of the year, the LiqV ratio of DAB bank AG in Maturity Band I was always higher than four, and therefore significantly higher than the ratio of one that would have to be reported under the Liquidity Regulation. At the last business day of the year, the ratio was 6.3 (PY: 3.8). This increase resulted mainly from a decrease in liabilities due to customers and from a concurrent increase in receivables due from banks. For da.at AG, the liquidity ratio in Maturity Band I was likewise always higher than the relevant value of 2.5 throughout the year. At the last business day of the year, the ratio was 2.9 (PY: 2.8).

LiqV liquidity ratio 2009



## Other risks

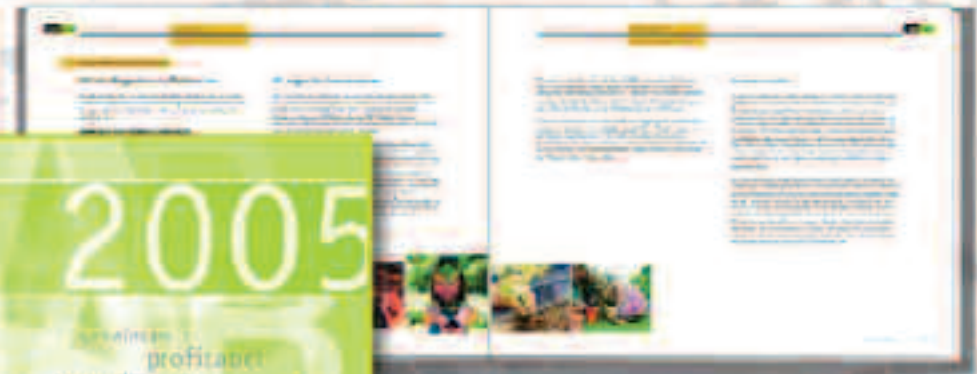
Other risks refer to non-quantifiable risks such as strategic risk and reputation risk. Managing the strategic risks and reputation risks of DAB bank is part of the general management responsibility of the Management Board of DAB bank. At DAB bank, these risks are measured primarily by means of qualitative methods. For this purpose, the national and international environment is closely monitored and the company's strategic positioning is assessed on a permanent basis. The Management Board regularly assesses the adopted strategy of DAB bank as part of the long-term planning process. If necessary, the business model or business processes can be adjusted in response to changes in the basic operating environment. In developing such strategic initiatives, the Management Board consults closely with the Supervisory Board. At DAB bank, reputation management is likewise the responsibility of the Management Board. For this purpose, steps are taken to identify potentially sensitive issues, estimate the possible impact of such issues and take early steps, in the form of communication activities, to influence their development.

+++ Legal merger of FondsServiceBank with DAB bank +++

+++ Implementation of new basic banking system +++

+++ Pretax profit of €23.9 million leads to dividend of 18 cents per share +++

2005



## Forecast report

It seems as though the German economy is gradually recovering from the severe downturn that occurred in the winter of 2008/2009. Adjusted for seasonal and calendar effects, German gross domestic product expanded already in the second quarter of 2009, by 0.4%, and then by 0.7% in the third quarter. Both GDP figures exceeded forecasts. On the demand side, this outcome resulted mainly from the better-than-expected performance of exports and higher-than-expected business investment on plant and equipment, whereas consumer spending developed largely in line with expectations. To date, the situation in the jobs market has deteriorated only slightly.

According to the estimates of numerous market experts, the economic uptrend will continue in Germany. This trend will likely be driven by expanded production, coupled with a further revival of foreign demand. In its Monthly Report for December 2009, however, the German Bundesbank does not believe that the economic growth rate can be sustained over the forecast period at the most recently observed level. Therefore, it continues to anticipate a moderated, but nonetheless steady rate of expansion over the course of 2010. In 2011, however, the economic growth rate is expected to accelerate, despite the fact that public-sector expenditures will be reduced considerably due to the expiration of the second German government stimulus package. The German Bundesbank now predicts economic growth (increase in gross domestic product, adjusted for calendar effects) of 1.4% in 2010 and 1.2% in 2011. That is almost three percentage points higher than the previous forecast.

Consumer spending is expected to make only a small contribution to economic growth in 2010. Because the savings rate, which declined in 2009 as a result of government consumption incentives, is expected to increase slightly in 2010, consumer spending is not likely to be much higher than in 2009. According to the German Bundesbank, consumer spending is expected to increase by 1% on an inflation-adjusted basis in 2011, due to the normalization of the savings rate. In the jobs market, employment is expected to decline by 1% in 2010 and then possibly by 1.2% in 2011. Unemployment can be expected to increase accordingly in both years.

### Stock market and trading activity

The stock market environment must still be regarded as a tough one for investors. In view of the moderately positive economic growth forecasts, we anticipate that key stock market indexes will continue to rise at a moderate rate in 2010, starting from the DAX level of 6,000 reached at the end of 2009. Because anxiety still runs high in the stock markets, the trend of volatility will continue at first. If the publication of companies' annual results for 2009 does not rattle the markets and if the predicted positive development of the economy does in fact occur, we anticipate that stock markets will stabilize on a higher level in the second half of the year.

The crisis in the financial markets provoked a massive loss of confidence and considerable unease among many investors. Especially those investors seeking long-term capital appreciation can be expected to invest in the stock markets again once the economic situation stabilizes. This development will also have an impact on the trading activity of our customers. In fact, we anticipate increased trading activity already in the first half of 2010. This trend can be expected to favor DAB bank's trading and portfolio commission business.



## Development of interest rates

The development of worldwide interest rates in 2010 and 2011 will be influenced primarily by the question of whether or not the goal of supplying sufficient liquidity to prop up the economy will come into conflict with the need to combat rising inflation. Moreover, many investors are still worried that the massive expansion of government debt could drive long-term interest rates higher in the capital markets. Consequently, the yield curves are becoming steeper because the risk premiums for long-term fixed-interest maturities are rising.

Whereas the most pressing concern in 2009 was to stabilize the financial system and mitigate the economic downturn as effectively as possible, more emphasis may be given to combating the threat of inflation during the course of 2010. But in order not to choke off the moderate recovery of the overall economy, it will still be important to keep borrowing costs low for businesses and consumers.

Due to the enormous financing needs of governments seeking to prop up the financial system and also increasingly to finance their economic stimulus packages, governments are accumulating huge amounts of debt, which will have to be financed in the bond markets over the next few years. At the present time, it is still difficult to predict how much upward pressure that will put on interest rates in the coming years.

Based on the assumptions of the German Bundesbank, we expect that three-month EURIBOR will remain on a level of 1.2% in 2010, unchanged from 2009. For 2011, we anticipate a marked increase of more than 1%. From the current level of interest rates, that will mean an appreciable increase in the second half of the year. In its Monthly Report, the German Bundesbank predicted that the current yield of long-term German government bonds will be 3.6% in 2010 and 4.1% in 2011, as compared to 3.3% in 2009.

## Outlook for 2010 and for the subsequent years

We anticipate that the market environment will again be a challenging one in fiscal year 2010. The more favorable economic forecasts could possibly have a positive impact on the stock market environment and therefore boost investors' trading activity; on the other hand, it remains to be seen whether the projected decline in the employment rate will have a dampening effect on economic growth. Although we do not expect an appreciable change in interest rates in the first half of 2010, we do anticipate that interest rates will increase somewhat in the second half. Consequently, the return on our portfolio will be lower than in 2009 and therefore our net interest income for the full year 2010 will be less than the corresponding figure for 2009. In our core business units B2B and B2C, however, we anticipate a slight increase in net commission income. As a result of the continued easing of tensions in the bond markets and the ongoing decline in credit spreads, we expect that our treasury portfolio will again deliver a positive profit contribution in 2010. Nonetheless, credit risks could arise in specific individual euro zone securities, which could likewise have a negative impact on the performance of our treasury portfolio.

According to our calculations, the rate of taxation in the DAB Group will hold steady in the coming years at slightly more than 30%, assuming no changes in the relevant tax laws and regulations.

DAB bank will benefit from the continued growth of the market for direct banks. Factors such as rising internet usage rates in the population, the growing use of online banking offers and the attractive price-for-value compared to branch banks can be expected to further drive the growth of online banks in Germany and Austria. As we see it, this trend will continue even beyond the year 2010.

In the future, DAB bank intends to position itself more clearly as an alternative to traditional branch banks. In that regard, however, DAB bank will not target traditional savers, who only use current accounts and savings accounts. Instead, it will stay true to its core clientele of securities investors, traders and independent asset managers.

To ensure the growth of its business in the coming years, DAB bank has formulated a comprehensive program for the future known as "DAB one." Under this program, DAB bank will expand its business model and make substantial investments in its offering of products and services over the next three years with the goal of expanding its core product range to include all products and services related to investment and trading. In the future, however, investors and traders will also find more and more banking products and services with DAB bank, making it possible for them to obtain all relevant products from a single source.

DAB bank also expects to score points with its customers through its unique approach to advisory services. To begin with, the Private Banking Team within the B2C business unit offers telephone support. And for those customers who would like comprehensive, personalized financial advice in a face-to-face meeting, DAB bank can refer them to an independent asset manager or financial advisor.

By taking advantage of synergies between its B2C and B2B units, DAB bank will be able to impress its customers by offering them the best support and advice tailored to their individual needs. "DAB one" means that DAB bank is one bank for individual investors and business customers alike. This combination sets DAB bank apart from traditional branch banks and from other direct banks as well. DAB bank understands itself to be the best direct bank for investors, traders and independent asset managers.

In addition, DAB bank is thoroughly committed to fairness, transparency and simplicity; thus, it is a fair and transparent partner to its customers for the accumulation, preservation and growth of their investment capital.

At DAB bank, we know full well that our employees are crucial to our success. Therefore, we will continue to invest in the training and continuing education of our employees in 2010, in order to maintain the high level of service quality we are known for.

### Net commission income

Trading activity is a key driver of our net commission income. After a rather quiet year in 2009, we believe that stock markets will pick up again in 2010, accompanied by a slight increase in the trading activity of our customers. If the international stock markets do not perform as well as we predict, that will give rise to a corresponding profit risk. Those revenue components that do not depend on market trends have a stabilizing effect on net commission income and we intend to further expand those components in the next few years.

Due to the fact that the operating business of FondsServiceBank was transferred in the second quarter, our total net commission income for 2010 will be lower than in 2009.

### Net financial income

We expect that interest rates will remain on a low level in 2010, but could increase slightly in the second half of the year. At the same time, the volume of funds in deposit accounts will rise. If interest rates follow this trend in 2010, that will result in significantly lower net interest income in 2010, as compared to the previous year. If interest rates take a different direction than we predict at this time, that will entail a corresponding risk or potential

for our profit performance. As before, risk provisions will increase at a disproportionately lower rate than our overall business volume. Assuming that tensions in the bond markets continue to ease and credit spreads continue to narrow, we anticipate that our treasury portfolio will again deliver a positive profit contribution in 2010.

### Administrative expenses

The trend of operating administrative expenses will depend in large part on the forecast business development. At any rate, they will increase at a disproportionately lower rate than income. By means of active and flexible cost management, moreover, we can respond to changed or even worsened market conditions of certain magnitudes in such a way that such changes do not impact our profit performance. Due to the necessity of introducing product innovations, we will generate significant non-recurring effects within our administrative expenses, which will pay for themselves in subsequent years. At the same time, our administrative expenses will be lower as a result of having transferred the operational business activities of FondsServiceBank in the second quarter.

### Conclusion

In view of the still fragile state of the world economy, we are currently not able to offer a forecast of our business performance in 2010. The developments in the financial markets will entail both opportunities and risks. With regard to our operating income components, however, we are optimistic about the new fiscal year. In general, our efforts in 2010 will be devoted to investments and further developments, which will form the basis for higher income in the following fiscal years and a significantly improved cost-income ratio starting already in 2011.

## Consolidated Statement of Comprehensive Income (IFRS)

in € thousand	Notes	Quarterly Report 10/01/2009- 12/31/2009	Quarterly Report 10/01/2008- 12/31/2008	Full Year 01/01/2009- 12/31/2009	Full Year 01/01/2008- 12/31/2008
Interest income	20, 25	18,096	42,696	101,375	168,993
Interest expenses	20, 26	3,073	27,277	36,643	114,444
<b>Net interest income</b>		15,023	15,419	64,732	54,549
Provisions for possible losses	27	146	319	572	312
<b>Net interest income after provisions for possible losses</b>		14,877	15,100	64,160	54,237
Commission income	21, 28	41,844	54,933	152,154	206,679
Commission expenses	21, 28	20,253	25,723	69,242	98,260
<b>Net commission income</b>	28	21,591	29,210	82,912	108,419
<b>Trading profit/loss</b>	22, 29	-26	-188	714	-5
<b>Profit/loss from investments</b>	23, 30	3,889	537	10,940	-26,181
Personnel expenses	31	10,091	11,293	40,169	41,149
Other administrative expenses	31	15,216	20,030	70,003	78,323
Depreciation/amortization of property and equipment and intangible assets	31	2,284	2,774	9,713	9,734
<b>Administrative expenses</b>	31	27,591	34,097	119,885	129,206
<b>Restructuring expenses</b>	4, 32	13,239	-	13,239	-
<b>Net other operating income/expenses</b>	4, 33	9,472	-556	9,915	4,246
<b>Impairment of goodwill</b>	4, 34	1,923	-	1,923	-
<b>Net other income/expenses</b>	36	-	-	-19	-23
<b>Result before taxes</b>		7,050	10,006	33,575	11,487
Income taxes	37	2,059	2,529	10,265	3,001
<b>Net profit</b>		4,991	7,477	23,310	8,486
Decrease or increase in the value of AfS financial instruments not affecting net income	65	-2,399	394	1,849	323
<b>Other profit/loss for the period (after taxes)</b>		-2,399	394	1,849	323
<b>Comprehensive income</b>		2,592	7,871	25,159	8,809
Attributable to shareholders of DAB bank AG		4,977	7,419	23,299	8,359
Attributable to non-controlling interests		14	58	11	127
<b>Net profit</b>		4,991	7,477	23,310	8,486
Attributable to shareholders of DAB bank AG		2,578	7,813	25,148	8,682
Attributable to non-controlling interests		14	58	11	127
<b>Comprehensive income</b>		2,592	7,871	25,159	8,809
Earnings per share (basic)	39	0.07	0.10	0.31	0.11
Earnings per share (diluted)	39	0.07	0.10	0.31	0.11
Weighted average shares outstanding (basic)		75,187,007	75,187,007	75,187,007	75,187,007
Weighted average shares outstanding (diluted)		75,187,007	75,187,007	75,187,007	75,187,007

The audit opinion of the independent auditor relates exclusively to the full-year period.

**Assets**

in € thousand at 12/31		Annual Report 2009	Annual Report 2008
	Notes		
Cash reserve	41	53,612	36,139
Receivables from banks	8, 42	475,932	1,282,764
Receivables from customers	8, 43	227,973	268,572
Credit risk provisions	9, 44	-2,290	-1,863
Trading assets	10, 45	20,631	26,137
Financial assets	11, 46	2,245,076	2,123,224
Property and equipment	12, 47	12,500	11,104
Intangible assets	14, 48	56,181	67,260
Income tax assets (current)	19, 49	3,578	3,553
Income tax assets (deferred)	19, 49	17,758	21,718
Other assets	50	9,637	28,043
<b>Total assets</b>		<b>3,120,588</b>	<b>3,866,651</b>

**Equity and liabilities**

in € thousand at 12/31		Annual Report 2009	Annual Report 2008
	Notes		
Liabilities to banks	15, 51	36,830	324,460
Liabilities to customers	15, 52	2,786,216	3,261,371
Trading liabilities	16, 53	19,894	24,235
Provisions	17, 54	6,434	3,112
Income tax obligations (actual)	19, 55	4,073	3,941
Income tax obligations (deferred)	19, 55	8,116	11,057
Other liabilities	18, 56	59,856	53,263
Subordinated capital	57	18,009	20,023
Liabilities		2,939,428	3,701,462
Subscribed capital	58	75,187	75,187
Additional paid-in capital	58	59,769	59,769
Retained earnings	58	22,491	21,785
Accumulated other comprehensive income/expenses	58	591	-1,258
Consolidated unappropriated net profit		22,556	8,271
Non-controlling interests		566	1,435
Equity		181,160	165,189
<b>Total equity and liabilities</b>		<b>3,120,588</b>	<b>3,866,651</b>

**Consolidated Statement of Financial Position  
(IFRS)**

## Consolidated Statement of Changes in Equity (IFRS)

in € thousand	Subscribed capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income/expenses	Consolidated unappropriated net profit	Non- controlling interests	Total
<b>at 01/01/2008</b>	<b>75,187</b>	<b>59,769</b>	<b>21,634</b>	<b>-1,581</b>	<b>25,564</b>	<b>1,308</b>	<b>181,881</b>
Changes in measured value of financial instruments not recognized in the income statement	-	-	-	323	-	-	323
Change due to net profit/loss for the year	-	-	88	-	8,271	127	8,486
Dividend of DAB bank AG	-	-	-	-	-25,564	-	-25,564
Changes in the scope of consolidation	-	-	-	-	-	-	-
Changes resulting from foreign currency effects and other changes	-	-	63	-	-	-	63
<b>at 12/31/2008</b>	<b>75,187</b>	<b>59,769</b>	<b>21,785</b>	<b>-1,258</b>	<b>8,271</b>	<b>1,435</b>	<b>165,189</b>
<b>at 01/01/2009</b>	<b>75,187</b>	<b>59,769</b>	<b>21,785</b>	<b>-1,258</b>	<b>8,271</b>	<b>1,435</b>	<b>165,189</b>
Changes in measured value of financial instruments not recognized in the income statement	-	-	-	1,849	-	-	1,849
Change due to net profit/loss for the year	-	-	706	-	22,593	11	23,310
Dividend of DAB bank AG	-	-	-	-	-8,271	-	-8,271
Changes in the scope of consolidation	-	-	-	-	-	-880	-880
Changes resulting from foreign currency effects and other changes	-	-	-	-	-37	-	-37
<b>at 12/31/2009</b>	<b>75,187</b>	<b>59,769</b>	<b>22,491</b>	<b>591</b>	<b>22,556</b>	<b>566</b>	<b>181,160</b>

Additional information on the composition of the equity is found in the Notes (No. 58).



## Consolidated Statement of Cash Flows (IFRS)

in € thousand 01/01 - 12/31	2009	2008
<b>Cash flow from operating activities</b>		
Net profit for the year	23,310	8,486
Write-downs, valuation adjustments and write-ups of receivables	595	371
Depreciation and write ups of non-current assets	11,636	9,734
Changes in other non-cash items	3,967	-550
Profits/losses on sales of non-current assets	-10,935	26,181
Other adjustments	-59,116	-45,529
<b>Subtotal</b>	<b>-30,543</b>	<b>-1,307</b>
Changes in operating assets and liabilities, adjusted for non-cash transactions		
Receivables from banks	806,832	-227,440
Receivables from customers	40,431	152,811
Trading assets	5,506	-13,970
Other assets from operating activities	19,363	2,131
Liabilities to banks	-287,630	216,377
Liabilities to customers	-475,155	-638,205
Trading liabilities	-4,341	14,031
Other liabilities from operating activities	6,117	-8,207
Income taxes paid	-5,616	-9,020
Interest and dividends received	101,375	168,993
Interest paid	-36,643	-114,444
<b>Cash provided by/used in operating activities</b>	<b>139,696</b>	<b>-458,250</b>
<b>Cash flow from investing activities</b>		
Cash receipts from sales of non-current assets	22,014	439,540
Cash payments for acquisition of non-current assets	-132,664	-35,915
Effects of changes in the consolidated group	-3,100	-
<b>Cash used in investing activities</b>	<b>-113,750</b>	<b>403,625</b>
<b>Cash flow from financing activities</b>		
Cash receipts from increases in subordinated capital	-2,014	-9
Dividend payments	-8,308	-25,564
Change in cash from other financing activities	1,849	386
<b>Cash provided by/used in financing activities</b>	<b>-8,473</b>	<b>-25,187</b>
Foreign exchange-induced changes in cash and cash equivalents	-	-
Increase/decrease in cash and cash equivalents	17,473	-79,812
Cash and cash equivalents at January 1	36,139	115,951
Cash and cash equivalents at December 31	53,612	36,139

Additional information on the cash flow statement is provided in the Notes (No. 63).

## Notes to the consolidated financial statements

EXEMPTING CONSOLIDATED FINANCIAL STATEMENTS ACC. TO IFRS	86	NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	96
ACCOUNTING AND VALUATION METHODS	87	▶ 25 Interest and similar income	96
▶ 1 Uniform Group-wide accounting principles	87	▶ 26 Interest expenses	96
▶ 2 Continuity	87	▶ 27 Credit risk provisions	96
▶ 3 Changes in recognition, measurement and presentation	87	▶ 28 Net commission income	97
▶ 4 Consolidation group	88	▶ 29 Trading profit/loss	97
▶ 5 Consolidation principles	89	▶ 30 Profit/loss from investments	97
▶ 6 Currency translation	89	▶ 31 Administrative expenses	97
▶ 7 Financial instruments	90	▶ 32 Restructure expenses	98
▶ 8 Receivables	91	▶ 33 Net other operating income/expenses	98
▶ 9 Credit risk provisions	91	▶ 34 Impairment losses on goodwill	98
▶ 10 Trading assets	92	▶ 35 Impairment losses on the customer base	99
▶ 11 Financial assets	92	▶ 36 Net other income/expenses	99
▶ 12 Property and equipment	92	▶ 37 Income taxes	99
▶ 13 Leases	92	▶ 38 Appropriation of net profit (as per HGB/AktG)	101
▶ 14 Intangible assets	93	▶ 39 Earnings per share	101
▶ 15 Liabilities	93	▶ 40 Value-added statement	101
▶ 16 Trading liabilities	93	NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	102
▶ 17 Provisions	93	▶ 41 Cash reserve	102
▶ 18 Other liabilities	94	▶ 42 Receivables from banks	102
▶ 19 Income taxes	94	▶ 43 Receivables from customers	102
▶ 20 Interest and similar income and expenses (including dividend income)	94	▶ 44 Credit risk provisions	103
▶ 21 Commission income and expense	94	▶ 45 Trading assets	103
▶ 22 Trading profit/loss	94		
▶ 23 Net investment profit/loss	95		
▶ 24 Management's exercise of discretionary judgment	95		

▶ 46	Financial assets	104	OTHER DISCLOSURES	117	
▶ 47	Property and equipment	105	▶ 65	Additional disclosures concerning financial instruments	117
▶ 48	Intangible assets	105	▶ 66	Key regulatory ratios (based on German Commercial Code, HGB)	118
▶ 49	Income tax assets	106	▶ 67	Significant concentrations of assets and liabilities	119
▶ 50	Other assets	106	▶ 68	Contingent liabilities and other obligations	119
▶ 51	Liabilities to banks	107	▶ 69	Group affiliation	120
▶ 52	Liabilities to customers	107	▶ 70	Letter of comfort	120
▶ 53	Trading liabilities	107	▶ 71	Events after the balance sheet date	120
▶ 54	Provisions	108	▶ 72	Related party disclosures	120
▶ 55	Income tax liabilities	109	▶ 73	Employees	124
▶ 56	Other liabilities	109	▶ 74	Members of the Supervisory Board and Management Board	124
▶ 57	Subordinated capital	110	▶ 75	Changes in the Management Board and Supervisory Board	126
▶ 58	Equity	110	▶ 76	Shareholdings of members of the Management Board and the Supervisory Board	127
▶ 59	Treasury shares	112	▶ 77	Share purchases and sales	127
▶ 60	Trust transactions	112	▶ 78	Relationships between the independent auditor and DAB bank Group	127
▶ 61	Assets and liabilities in foreign currency	113	▶ 79	Declaration of the legal representatives	127
▶ 62	Pledge of securities for own liabilities	113	▶ 80	Timing of release for publication	127
	NOTES TO THE STATEMENT OF CASH FLOWS	113			
▶ 63	Statement of Cash Flows	113			
	NOTES TO THE SEGMENT REPORT	113			
▶ 64	Segment reporting	113			

## Exempting consolidated financial statements according to IFRS

The consolidated financial statements of DAB bank at December 31, 2009, were prepared in conformity with the International Financial Reporting Standards (IFRS), insofar as they have to be applied in member countries of the European Union (IFRS/EU). In addition to the standards designated as IFRS, the International Financial Reporting Standards also encompass the International Accounting Standards (IAS) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

As a capital market-oriented company, DAB bank AG prepares exempting consolidated financial statements in conformity with IFRS pursuant to § 315a (1) HGB in conjunction with § 291 (3) (1) (1) HGB. By publishing consolidated financial statements according to IFRS, moreover, DAB bank AG fulfills the conditions imposed by Deutsche Börse AG for admission to the Prime Standard segment and the respective follow-up obligations.

The present annual financial report prepared according to IFRS also complies with the requirements for financial reporting by capital market-oriented companies arising from the Securities Trading Act (WpHG) that have been in force since fiscal 2007 as a consequence of the implementation of the EU Transparency Directive (TUG). Furthermore, we comply with the pronouncements of the German Accounting Law Modernization Act ("BilMoG") insofar as it was obligatory to apply them to fiscal years beginning after December 31, 2008.

Aside from a few exceptions, the International Financial Reporting Standards are conformant with the EU accounting directives. These exceptions were not of major significance for the assets and liabilities, financial position and operating results of the DAB bank Group.

Unlike the EU directives, the IFRS only prescribe certain minimum requirements concerning the classification scheme of the balance sheet and income statement. To achieve the required conformity with the EU directives, the balance sheet and income statement items prescribed by the Bank Accounting Directive were disclosed in the notes to the consolidated

financial statements. Similarly, disclosures required by EU law and/or HGB were also included in the notes, unless already prescribed by IFRS.

A statement on the governance pursuant to Section 289A HGB, which also includes the Declaration of Conformity with the "German Corporate Governance Code" in the version of June 18, 2009, as required by Section 161 AktG, is published on the company's website at <http://aktie.dab-bank.de/servicenavigation/investor-relations/corporate-governance.html> and is available there for inspection.

All existing and currently applicable IFRS regulations at December 31, 2009 were observed.

In conformity with the relevant transitional regulations, the following regulations relevant to the DAB bank Group from a current perspective, but only required to be applied starting in fiscal 2010 or 2011, were not yet applied in fiscal 2009:

▶ IFRS 3 Business Combinations (revised 2008)

The revision of IFRS 3 involves a switch from the purchase price allocation principle to the principle of fair value measurement of the net assets acquired and the non-controlling interests.

▶ IAS 27 Consolidated and Separate Financial Statements according to IFRS (amended 2008)

The amended IAS 27 imposes a number of new rules, which basically reinforce the principle of presenting the group as a single economic entity in the consolidated financial statements. These changes are related to the revisions made to IFRS 3.

▶ IAS 24: Disclosures concerning related companies and persons (revised 2009)

The revised version of IAS 24 primarily provides for simplifications in the delimitation of related companies and persons and in the scope of disclosure obligations.

The presentation requirements prescribed by the new standards will be observed starting in 2010 or 2011. Material effects on the presentation with regard to the assets, financial position and operating results are not expected.

Based on the information available at the present time, the following standards that are expected to enter into force in fiscal year 2010/2011 are not relevant to the DAB bank Group: IFRS 2 (amended 2009), IAS 32 (amended 2009), IAS39 (amended 2009), IFRIC 12, 14 (amended 2009), 15, 16, 17, 18 and 19.

## Accounting and valuation methods

### ▶ 1 Uniform Group-wide accounting principles

The separate financial statements of the consolidated subsidiaries which were prepared in accordance with IFRS are incorporated into the consolidated financial statements of DAB bank AG by application of uniform accounting and valuation principles. The figures are stated in thousands of euros (€ thousand).

### ▶ 2 Continuity

In accordance with the IFRS Framework and the instructions contained in IAS 1 and 8, the principle of continuity is observed with respect to the recognition, measurement and presentation methods applied from year to year. If it should be necessary to change the recognition and measurement methods, the consequences of such changes are recognized in income. If it should be necessary to correct recognition and measurement errors from earlier accounting periods, the consequences of such corrections are charged or credited to retained earnings, instead of being recognized in income.

### ▶ 3 Changes in recognition, valuation and presentation methods

Since fiscal 2009, some supplemental and new IFRS regulations have been required to be applied for the first time. The present financial statements were affected primarily by the following IFRS amendments:

- ▶ The new pronouncements of IAS 1 contain amendments to the description of the components of the financial statements as well as their presentation and composition.

We now refer to the income statement as the statement of comprehensive income. As required by the standard, we have expanded the statement of comprehensive income to include the item "Other comprehensive income for the period (after taxes)"; in doing so, we have selected what is called the "single statement approach." Following the statement of income and other comprehensive income, we also show an assignment of the profit/loss for the period and – unchanged – a profit/loss per share.

The consolidated Statement of Shareholders' equity is now referred to as the consolidated Statement of Changes in Equity.

- ▶ In accordance with IFRS 8, the operating segments will be newly defined using the management approach as an exclusive basis. A segment is thus determined on the basis of internal reports, which are regularly reviewed by managerial decision-makers in order to allocate resources to the segment and to measure its performance. The DAB bank Group is managed through the companies included in the DAB bank Group; this complies particularly with the requirements set forth in IFRS 8.2 ff. Segment reporting by included companies is presented on page 113 ff.
- ▶ Due to uniform Group-wide accounting requirements from our ultimate parent company, UniCredit S.P.A., all changes from the respective provisions that have an effect on profit or loss (additions and reversals) to the respective provision circumstances will be shown in the future in identical items in the statement of comprehensive income. We have refrained from adjusting the prior-year values for reasons of materiality and particularly presentation consistency.

IFRS 7 (amended 2009) was supplemented in order to achieve an improved presentation of financial instruments. The supplements have had only a minor effect on the previous presentation. The new pronouncements on IFRS 2 (amended 2008), IAS 23 (revised 2007), IAS 32 and IAS 1, IFRIC 9 and IAS 39, IFRIC 13 and 14 did not result in any effects. Except for the changes resulting from initial application and the changed procedure for reversing provisions, we have used the same recognition, valuation and presentation methods as in the 2008 consolidated financial statements.

#### ▶ 4 Consolidation group

The consolidation group of the DAB bank Group at December 31, 2009, was composed of DAB bank AG, Munich (the parent company), and the subsidiaries direktanlage.at AG, Salzburg (share of equity 100%) and SRQ FinanzPartner AG, Berlin (share of equity 81.61%). Both subsidiaries are included in the consolidated financial statements of DAB bank AG in the course of full consolidation. All the companies in the consolidation group prepared their separate financial statements at the same balance sheet date of December 31, 2009.

- ▶ Acquisition of additional shares in SRQ FinanzPartner AG:  
Effective January 5 and February 2, 2009, DAB bank AG acquired additional shares from the purchase agreement concluded with SRQ FinanzPartner AG (SRQ) and agreements originating from it with regard to granted option rights at a purchase price of €3,100 thousand. The share of equity in SRQ is thus at 81.61 % (prior year: 52.52 %), which corresponds to an investment carrying amount of €8,985 thousand. No incidental acquisition costs were incurred from this transaction. We show the difference between the acquisition costs and the amortized carrying amounts on the basis of the assets and liabilities newly valued at the time of initial consolidation (February 28, 2007) in the amount of €6,776 thousand, which is allocated mathematically to DAB bank AG's new share of equity, as goodwill. At the balance sheet date, we applied an impairment test to the goodwill and consequently applied a decrease in value of €1,923 thousand. Details on this are found in Notes Nos. 34, 48 and 63. With regard to the assets and debts of SRQ acquired at the time of initial consolidation, please see our 2007 Annual Report, page 124.

Contractual agreements continue to exist on the part of both a minority shareholder and DAB bank AG with regard to granted options which govern the transaction for the remaining externally owned shares that DAB bank AG has not yet acquired.



### Sale of the FondServiceBank unit:

In May 2009, we sold the customer base of our FSB FondServiceBank unit, including related pension fund obligations arising from the assumption of employees working in the FSB unit, to Fondspot Bank GmbH, Hof an der Saale. Since May 31, 2009, the customer base is no longer being amortized on a straight-line basis pursuant to IFRS 5 and amounts to a carrying amount of €3,683 thousand, whereby the carrying amount was the lower value compared to the net fair value at the time of the reclassification into the held-for-sale category. The pension fund obligations amount to a total of €23 thousand at the balance sheet date. All assets and debts linked to the transaction were classified as the disposal group since signing of the contract and presented separately on the balance sheet.

Effective December 31, 2009, we earned income of €17,244 thousand from the sale, which is shown on the comprehensive income statement under Other operating income/expenses. We show the demigration costs originating from the implementation of the sale separately on the comprehensive income statement as Restructuring expense below the item Administrative expenses. The components included therein are composed of personnel expense or personnel-related expenses in the amount of €2,993 thousand, other administrative expenses in the amount of €6,538 thousand, and depreciation in the amount of €3,708 thousand. Additional details on the sale of the FSB unit are included in the Notes, Nos. 32 and 33.

### ▶ 5 Consolidation principles

When accounting for acquisitions, the acquisition cost of an affiliated company is set off against the Group's share of equity in that company at the time of the acquisition and the Group's proportional share of the assets (including intangible assets previously not recognized), liabilities, and contingent liabilities of the purchased company is remeasured at fair value. The

difference between the higher acquisition cost and the remeasured value of equity is recognized as goodwill and subjected to an annual impairment test.

Trade receivables and payables among the companies of the consolidation group are netted as part of the debt and income consolidation process.

The consolidated unappropriated net profit of the DAB bank Group is equivalent to the unappropriated net profit of DAB bank AG.

### ▶ 6 Currency translation

Currency translation is performed in accordance with IAS 21. Thus, transactions are measured at the exchange rate in effect at the time of the transaction. As a rule, monetary assets and liabilities that are not denominated in euros, as well as cash transactions that have not yet been settled at the balance sheet date, are translated into euros (functional currency) at the market exchange rates on the balance sheet date, as part of the subsequent valuation process. Non-monetary assets and liabilities carried at cost are measured at the exchange rate applicable to the acquisition. Non-monetary items carried at fair value are measured at the exchange rate on the valuation date.

As a rule, expenses and income resulting from the currency translation of monetary items are recognized in the corresponding items of the statement of comprehensive income.

The euro is the currency of account for all the companies included in the consolidated financial statements.

## ▶ 7 Financial instruments

A financial instrument is a contract that gives rise to both a financial asset on the books of one enterprise and a financial liability or equity instrument on the books of another enterprise. According to IAS 39, all financial instruments, including derivatives, must be recognized in the balance sheet. Furthermore, they must be classified according to given criteria and measured on the basis of this classification. Upon initial recognition, these items are measured at fair value, plus transaction costs, if applicable.

Loans and receivables comprise non-derivative financial instruments with fixed or determinable payments, which are not listed on an active market, which the company does not intend to sell in the short term and concerning which there is no reason to classify them as available-for-sale (AFS). Loans and receivables are carried at amortized cost using the effective interest method and presented in the items Receivables from banks, Receivables from customers and Other assets.

Held-for-trading financial instruments are measured at fair value and any fair value changes are recognized in income. These holdings appear in the balance sheet items of Trading assets and Trading liabilities. These items contain derivatives from customer transactions that we settle directly with a third counterparty.

The amendments to IAS 39.50 and IFRS 7 Reclassification of Financial Assets issued by the IASB, as well as the corresponding adoption by the European Union in mid-October 2008 and the transposition into European law, will give companies operating in the financial sector the option, under certain conditions, to reclassify various financial instruments in the categories of held-for-trading and available-for-sale financial assets. The DAB bank Group has still not exercised this option.

Financial instruments of the category at fair value through profit or loss (AFV) are likewise recognized on the balance sheet at fair value. The changes in the fair values are directly accounted for in net profit or loss for the period. AFV financial instruments are included exclusively in the item Financial assets.

Financial instruments are classified as AFV in order to avoid the recognition and measurement discrepancies that arose in the past within the AfS category. The recognition and valuation discrepancies were materially attributable to intertemporal adjustments between the net interest income and the net investment profit or loss in view of our investment strategy linked to these securities holdings; in particular, the effects, resulting from AfS holdings, of a recognition of fair value changes of holdings not yet sold without affecting profit or loss net income was the decisive factor for the reclassification carried out at the time of initial use of the fair-value option.

All holdings designated as AFV are included in the portfolio management process conducted on the basis of our integrated risk management strategy. The related information is provided internally to the persons in key positions within the meaning of IAS 24 on this basis.

Investments in financial assets to be held to maturity (HtM) are original financial assets with fixed or determinable payments and fixed terms, for which the intent and ability to hold them to maturity exists unless they are classified as AFV or AfS assets, or they satisfy the definition of loans and receivables. HtM financial instruments are measured at amortized cost; issue premium and discount amounts are factored in pro rata (temporis). Impairment losses are recognized to account for decreases in value due to credit rating. If the reasons for such impairments no longer exist, the impair-

ment loss is reversed up to the maximum amount of amortized cost. HtM investments in financial assets are included exclusively in the item Financial assets.

All other financial assets held by the DAB bank Group are classified as available-for-sale (AFS) securities and receivables and are measured at fair value. Any revaluation changes are recognized in a separate item of equity (AFS reserve) and are therefore not recognized in income until such time as the asset is sold or written down according to IAS 39. Furthermore, all AFS financial instruments are likewise presented under Financial assets exclusively.

Purchases and sales of financial instruments are recognized on the trade date, as a rule. Issue premiums and discounts are directly added to or deducted from the value of the financial instruments in question. The fair value of financial instruments can be determined reliably. In this regard, please refer to Note 65: Additional disclosures concerning financial instruments.

Impairment losses are recognized in financial assets if objective indications of an impairment exist and the effects on expected future cash flows can be reliably estimated. Criteria for the existence of objective indications of a possible impairment are mainly related to the credit rating or significant negative changes in the market environment of the debtor. Financial assets are derecognized only when the company no longer holds or has transferred the contractual rights to receive cash flows in accordance with IAS 39.17.

Detailed explanations regarding the risk management of financial instruments are provided in the Risk Report as a component of the Management Report on page 52 ff.

### ▶ 8 Receivables

The receivables from banks and receivables from customers are carried at amortized cost using the effective interest method, as a rule. Interest income is no longer recognized when collection of the corresponding receivable can no longer be expected, regardless of legal entitlement. Interest receivables are accrued pro rata temporis and recognized in the corresponding items.

### ▶ 9 Credit risk provisions

The credit risk provisions include specific provisions that have been formed to account for all apparent and latent credit risks.

Specific provisions for receivables due from customers are formed at the amount of the anticipated losses, in consideration of the securities furnished as collateral. They are reversed to the extent that the credit risk no longer exists or utilized when the receivable is considered to be uncollectible. Receivables are classified as uncollectible when it is considered improbable that they can be collected in the foreseeable future or if they have been fully or partially waived. Uncollectible receivables are charged off directly. To the extent that amounts are recovered on charged-off receivables, such amounts are recognized in income.

## ▶ 10 Trading assets

Trading assets include held-for-trading securities and the positive market values of derivatives traded with customers or counterparties. Trading assets are measured at market prices. Valuation and realization profits and losses from trading assets are recognized in the comprehensive income statement under Net trading profit or loss.

## ▶ 11 Financial assets

The financial assets of the DAB bank Group consist of AFV, HtM, and AfS financial instruments. Financial assets in the category of AFV and AfS are measured at fair value. Any decrease or increase in the value of AFV financial assets is recognized in income. In contrast, any changes in the value of AfS financial assets are not recognized in income, as a rule. Fair value changes in AfS financial assets are not recognized in income until such time as the asset in question is sold or written down in accordance with IAS 39. Financial assets in the category of HtM are carried at amortized cost. In this regard, issue premiums and discounts are factored in pro rata temporis. Impairment losses are recognized to account for decreases in value due to credit rating.

## ▶ 12 Property and equipment

Items of property and equipment are measured at acquisition or production cost, less scheduled straight-line depreciation based on the expected useful lives of the assets in question, provided they are depletable. In the case of leasehold improvements, the lease term, including any renewal options, is applied as the useful life if that is shorter than the customary useful life. Impairment losses are recognized in cases where items of property and

equipment have sustained value losses within the meaning of IAS 16.63 that go beyond the scheduled depreciation. When the reasons for recognizing such an impairment loss no longer exist, the original value of the asset is reinstated up to no more than the amortized acquisition or production cost of the asset in question. Subsequently incurred acquisition or production costs are added to the asset's value. Gains and losses on the sale of property and equipment are recognized in the comprehensive income statement under Net other operating income/expenses. Costs incurred to preserve property and equipment are recognized as expenses in the year in which they occur.

Property and equipment	Economic life
Leasehold improvements	10 - 15 years
Facilities	06 - 15 years
Office machines	05 - 11 years
Hardware	03 - 10 years
Other plant and office equipment	04 - 25 years

## ▶ 13 Leases

Lease contracts are accounted for on the basis of the economic content of the agreements according to the provisions of IAS 17 in conjunction with IFRIC 4. For this purpose, an estimate is made on the basis of the criteria set forth in IAS 17.10 and 17.11, in particular.

In case of finance leases, we present the asset under Property and equipment and the obligation under Liabilities. Each leased asset is recognized at the fair value of the leased asset at the inception of the lease, or at the present value of the minimum lease payments, if lower. The present value of the minimum lease payments is calculated using the effective interest method. The lease payments are apportioned between a finance charge and an amount for

the reduction of the outstanding liability. Thus, the latter amount is applied against the outstanding liability and the former amount is recognized as interest expenses. Contracts classified as finance leases are of subordinate importance in the DAB bank Group.

DAB bank presents its obligations as a lessee under contracts classified as operating leases within the item Other obligations.

These obligations relate exclusively to computer hardware leases. The lease payments are recognized within the Administrative expenses.

#### ▶ 14 Intangible assets

The intangible assets consist of software, customer base and goodwill.

Software is carried at amortized cost. It is amortized on a straight-line basis over useful lives of 3 to 10 years. The amortization charges are included within the item Depreciation/amortization of property and equipment and intangible assets, under Administrative expenses.

The customer base in the original amount of €1,620 thousand (carrying amount: €1,314 thousand, remaining life: 12.2 years) is in connection with the acquisition of SRQ FinanzPartner AG and will be amortized on a straight-line basis over an assumed original useful life of 15 years, whereby the term of the useful life is oriented materially to the specific business model and the specific assumed reduction rate.

Of the total goodwill in the amount of €20,990 thousand, an amount of €18,137 thousand is attributable to direktanlage.de AG. In connection with the acquisition of vbankdirekt AG on November 21, 2001, a goodwill item was

recognized in the amount of €6,386 thousand. The remaining goodwill item of €11,751 thousand was recognized in connection with the full consolidation of direktanlage.at AG. In addition, goodwill exists in the amount of €4,853 thousand arising from the majority investment Holding in SRQ FinanzPartner AG.

The goodwill is subjected to an impairment test according to IAS 36 at least annually. Impairment losses are recognized when there is reason to believe that an impairment has occurred.

#### ▶ 15 Liabilities

Liabilities are carried at amortized cost, based on the effective interest rate method, which basically corresponds to the repayment amount. In place of the remaining lives in relation to undiscounted cash flows required by IFRS 7.39a, we disclose a breakdown of the carrying amounts by remaining lives in the individually relevant liabilities.

#### ▶ 16 Trading liabilities

The trading liabilities contain the negative market values of derivatives traded with customers or counterparties. Trading liabilities are measured at market prices. Valuation and realization profits and losses from trading liabilities are recognized in the comprehensive income statement under net trading profit or loss.

#### ▶ 17 Provisions

The provisions have been established to account for all discernible risks, based on the best estimate of the amounts required to settle the corresponding obligations, in accordance with IAS 37.36 ff.

The provisions for pensions and similar obligations have been established on the basis of expert actuarial opinions. Actuarial gains and losses are treated in accordance with IAS 19.93 (faster recognition). The expenses related to the pension provisions are recognized as expenses under Personnel expenses.

### ▶ 18 Other liabilities

The Other liabilities include accruals as the significant item requiring explanation. Like provisions, accruals are established to account for future expenditures that are uncertain with respect to their timing or amount; but in the case of accruals, this uncertainty is less than for provisions. Accruals are formed to account for liabilities relating to goods or services received, which have neither been paid, formally agreed, nor invoiced by the supplier. This item also includes short-term liabilities due to employees, such as bonus payments and vacation benefits, as well as liabilities relating to taxes that are not dependent on income. The accruals are stated at the anticipated amount required to settle the corresponding obligations.

### ▶ 19 Income taxes

Income taxes are recognized and measured in accordance with IAS 12. Barring the few exceptions set out in the Standard, deferred taxes are recognized for all temporary differences between the carrying amounts of assets or liabilities according to IFRS and the respective tax bases (balance sheet method). Deferred tax assets are recognized for unutilized tax loss carry-forwards to the extent that future realization within the meaning of IAS 12 is probable.

Because this method is based on future tax assets or liabilities (liability method), deferred taxes are calculated by application of the tax rates expected to be in effect when the differences reverse.

### ▶ 20 Interest and similar income and expenses (including dividend income)

Interest income and interest expenses are recognized pro rata temporis for all relevant financial instruments using the effective interest method (IAS 18.30(a)). Dividend income is recognized upon creation of the legal claim for payment (IAS 18.30(c)).

### ▶ 21 Commission income and expenses

The Net commission income comprises all commission and similar income and expenses arising from the service business. Some commissions are generated on services that are provided over a period of time and some commissions are generated on services provided at specific points in time (IAS 18.AG14(b)&(c)). In this context, commission income and expenses are recognized accordingly “pro rata temporis”, in accordance with the so-called matching principle.

### ▶ 22 Trading profit/loss

Trading profit/loss includes all realization and valuation changes in securities holdings that were acquired with the intent to earn short-term profits or for which there are indications that short-term profit-taking occurred in the recent past (HFT financial instruments) (IAS 39.9).



### ▶ 23 Net investment profit/loss

The Net investment profit/loss includes all realization and valuation changes in securities holdings carried under financial assets (HtM, AFS, and AFV financial instruments).

### ▶ 24 Management's exercise of discretionary judgement

Within the scope of application of the recognition and measurement methods described above, no material effects on the consolidated financial statements have resulted from the exercise of discretionary judgement and estimates by the management of DAB bank AG, beyond the matters disclosed in the notes to the financial statements and the management report.

Judgements are related to the following in particular:

- ▶ The classification of assets in relation to the valuation categories according to IAS 39, while adhering to the formal criteria set forth in the IFRS standards;
- ▶ The measurement of financial instruments in the event that no active market exists according to the definition of IAS 36.6. This also entails a discretionary judgement as to whether an active market exists.

Estimates relate in particular to the following:

- ▶ The useful lives of property and equipment and intangible assets and the related amount of scheduled depreciation. Explanatory notes are provided in Notes 12 and 14.
- ▶ The valuation parameters in the impairment tests of the customer base (carrying amount €1,314 thousand), the goodwill (carrying amount €22,990 thousand), and all assets for which there is an indication of the need to test their valuation (securities of the HtM portfolio: carrying amount €20,000 thousand).
- ▶ The estimation of the timing and amount of future payments for the valuation of receivables from customers (carrying amount €2,537 thousand).
- ▶ The parameters for determination of the pension provisions and the weighting with regard to the criteria for creation and reversal of provisions. Explanatory notes are provided in the Notes 17 and 54.
- ▶ The substantive value and utilization of deferred taxes on loss carryforwards (carrying amount: €10,464 thousand).

## Notes to the statement of comprehensive income

### ► 25 Interest income and similar income

in € thousand	Unimpaired financial instruments			Impaired financial instruments	2009	2008
	Stocks	Bonds	Loans and receivables			
<b>01/01 – 12/31</b>						
Receivables from banks	-	-	27,930	-	27,930	52,148
Receivables from customers	-	-	9,259	-	9,259	20,608
AFV financial assets	45	34,909	-	-	34,954	66,533
AfS financial assets	29	9,581	-	-	9,610	10,121
HtM financial assets	-	19,616	-	-	19,616	19,574
Other assets	-	-	6	-	6	9
<b>Total</b>	<b>74</b>	<b>64,106</b>	<b>37,195</b>	<b>-</b>	<b>101,375</b>	<b>168,993</b>

### ► 26 Interest expenses

in € thousand	2009	2008
<b>01/01 – 12/31</b>		
Liabilities to banks	1,273	2,583
Liabilities to customers	34,647	110,594
Subordinated liabilities	487	1,175
Other liabilities	236	92
<b>Total</b>	<b>36,643</b>	<b>114,444</b>

The interest expenses from Liabilities to banks and Liabilities to customers relate exclusively to the deposit business.

### ► 27 Credit risk provisions

in € thousand	2009	2008
<b>01/01 – 12/31</b>		
Additions	828	761
Reversals	233	390
Recoveries on charged-off receivables	23	59
<b>Total</b>	<b>572</b>	<b>312</b>

### ► 28 Net commission income

in € thousand	2009	2008
<b>01/01 – 12/31</b>		
<b>Commission income from</b>	<b>152,154</b>	<b>206,679</b>
Securities and custodial services	78,805	100,470
Brokerage of third-party products	62,429	93,747
Foreign trade/payments	3,580	3,500
Other service operations	7,340	8,962
<b>Commission expenses for</b>	<b>69,242</b>	<b>98,260</b>
Securities and custodial services	15,961	19,099
Brokerage of third-party products	50,192	76,288
Foreign trade/payments	310	353
Other service operations	2,779	2,520
<b>Total</b>	<b>82,912</b>	<b>108,419</b>

### ▶ 29 Trading profit/loss

in € thousand	2009	2008
<b>01/01 - 12/31</b>		
<b>Trading portfolios (HfT)</b>		
Bonds and other fixed-income securities	650	1,021
Stocks and other variable-yield securities	53	-1,029
Derivative financial instruments	11	3
<b>Total</b>	<b>714</b>	<b>-5</b>

### ▶ 30 Profit/loss from investments

in € thousand	2009	2008
<b>01/01 - 12/31</b>		
<b>AFV financial assets</b>	<b>8,295</b>	<b>-26,300</b>
Bonds and other fixed-income securities	7,981	-25,716
Stocks and other variable-yield securities	314	-584
Derivative financial instruments	-	-
<b>AfS financial assets</b>	<b>2,645</b>	<b>119</b>
Bonds and other fixed-income securities	2,580	626
Stocks and other variable-yield securities	65	-507
<b>HtM financial assets</b>	<b>-</b>	<b>-</b>
Bonds and other fixed-income securities	-	-
<b>Total</b>	<b>10,940</b>	<b>-26,181</b>

The profit/loss from investments contains the profits and losses on the sale of AFV, AFS, and HtM financial instruments and the changes in value of such instruments that are to be recognized in income. This item also contains the profit/loss contribution of derivative financial instruments held for hedging purposes.

### ▶ 31 Administrative expenses

in € thousand	2009	2008
<b>01/01 - 12/31</b>		
<b>Personnel expenses</b>	<b>40,169</b>	<b>41,149</b>
Wages and salaries	33,795	34,489
Social security	5,444	5,771
Pension and other benefit costs	930	889
<b>Other administrative expenses</b>	<b>70,003</b>	<b>78,323</b>
Marketing expenses	10,876	12,467
Communication expenses	5,154	6,583
IT expenses	14,874	17,634
Securities clearing and settlement expenses	14,378	19,643
Remaining other administrative expenses	24,721	21,996
<b>Depreciation and amortization</b>	<b>9,713</b>	<b>9,734</b>
of equipment	1,510	1,716
of software and other intangible assets (excluding goodwill)	8,203	8,018
<b>Total</b>	<b>119,885</b>	<b>129,206</b>

The expenses resulting from lease payments in connection with the company's obligations under operating leases amounted to €5,403 thousand in 2009 (2008: €5,638 thousand). Personnel expense includes severance payments for the year 2009 in the amount of €51 thousand (PY: €1,022 thousand) that are not in connection with the sale of the customer base of the FSB unit.

### ▶ 32 Restructuring expenses

At the balance sheet date, restructuring expenses totaling €13,239 thousand were incurred due to the sale of the customer base of the FSB unit, which are attributable to personnel expense and personnel-related expenses in the amount of €2,993 thousand, IT expenses and IT-related expenses in the amount of €6,538 thousand, and mainly impairment losses in software in the amount of €3,708 thousand.

### ▶ 33 Net other operating income/expenses

in € thousand	2009	2008
<b>01/01 - 12/31</b>		
<b>Other operating income</b>	19,225	8,579
Income from the sale of the customer base of FSB unit	17,244	-
Reversal of provisions and accruals (non-loan business)	-	2,047
Income from product management	230	974
Income from defective handling of securities trades	671	1,346
Other	1,080	4,212
<b>Other operating expenses</b>	9,310	4,333
Losses from defective handling of securities trades or accommodation payments	3,324	3,575
Additions to provisions and accruals (non-loan business)	3,037	-
Other	2,949	758
<b>Total</b>	9,915	4,246

The net other operating income/expenses include an overall effect from currency translation differences in the amount of €30 thousand (2008: €-23 thousand).

### ▶ 34 Impairment losses on goodwill

In accordance with IFRS 3, goodwill is no longer amortized on a scheduled basis. Instead, an impairment test is conducted every year, or when circumstances warrant, to determine the existence of any impairments. Goodwill exists in connection with direktanlage.at AG and SRQ FinanzPartner AG.

We apply the value-in-use as the basis for determining the substantive value of the respective goodwill. The value-in-use is determined with reference to the projected future cash flows. These cash flows are based on both quantitative and qualitative assumptions made by the management with regard to the business development of the company.

As a rule, we extrapolate from the trends of prior years, taking seasonal and business-cycle fluctuations into account with regard to all value drivers and/or income components. In addition, external information sources are consulted to support or correct the assessment of future performance initially based on internal data collection. For this purpose, scenarios are developed that indicate a possible upper and lower limit to the income estimates, among other things.

Assumptions that constitute a central basis for assessments regarding future income trends include the company's market position in relation to the framework in the respective industry environment, the scalability of the business model, customer and employee satisfaction, and profit trends in past years.

As a rule, we use a planning horizon of three years as a basis for determining the substantive value of the goodwill. As a rule, cash flow projections refer to seven years in order to be able to determine a more accurate economic value-in-use over a longer term of development.

Moreover, the impairment tests are based on the following parameters:

in %	12/31/2009	12/31/2008
<b>Goodwill of direktanlage.at AG</b>		
Initial growth rate	2	6
Final growth rate	1	1
Risk-adjusted discount rate to determine present values	10	12
<b>Goodwill of SRQ FinanzPartner AG</b>		
Duration initial growth rate	75	71
Final growth rate	1	1
Risk-adjusted discount rate to determine present values	12	18

The risk-adjusted discount rate serves as a measure for the opportunities and risks included in the investments and reflects the estimates regarding the future profits in every case.

In this context, we carried out impairment tests on both sets of goodwill at December 31, 2009. The value of the carried goodwill of direktanlage.at AG in the amount of €18,137 thousand was confirmed in the full amount. We applied an impairment of €1,923 thousand on the goodwill of SRQ FinanzPartner AG and thus carry a new value of €4,853 thousand.

### ► 35 Impairment losses on the customer bases

We present a customer base allocated to our subsidiary SRQ FinanzPartner AG (SRQ) as a component of intangible assets. We subjected the customer base to an impairment test at the balance sheet date. In general, all income and expense components were subjected to a reevaluation, and the melting rate and the risk-adjusted discount rate in particular were updated, so that the fair value for the customer base was determined on a new basis. The impairment tests confirmed the value of the customer base of SRQ in the amount of €1,314 thousand.

### ► 36 Net other income/expenses

The Other expenses include other taxes which are not considered to be income taxes.

### ► 37 Income taxes

The income taxes break down as follows:

in € thousand	2009	2008
<b>01/01 - 12/31</b>		
Current taxes	9,689	3,859
Deferred taxes	576	-858
<b>Total</b>	<b>10,265</b>	<b>3,001</b>

The current taxes shown above resulted mainly from application of the regulation aimed at limiting loss deductions for corporate income tax and trade tax (minimum tax rule). The deferred income taxes resulted primarily from the recognition and/or reversal of temporary differences and the utilization of tax loss carryforwards from earlier years.

The total amount of corporate income tax loss carryforwards at the balance sheet date was €66,121 thousand (2008: €82,147 thousand). No impairment losses were recognized.

The differences between the statutory and the effective income taxes are presented in the following reconciliation statement:

in € thousand	2009	2008
<b>01/01 - 12/31</b>		
<b>Result before taxes</b>	33,575	11,487
Applicable tax rate	15.80%	15.80%
<b>Income taxes derived from applicable rate</b>	5,305	1,816
<b>Tax effects from</b>		
previous years and changes in tax rates	-148	135
foreign income	1,079	1,013
tax-exempt income	-	-451
differing legal norms	3,570	322
non-deductible expenses	168	166
impairment losses in goodwill	304	-
other differences	-13	-
<b>Effective income taxes</b>	10,265	3,001

The domestic income tax rate applied as the basis for the reconciliation statement is composed of the uniform corporate income tax rate of 15.0% and the solidarity surtax of 5.5% of corporate income tax. The domestic income tax rate has been 15.8%, unchanged from the prior year.

The foreign income tax effects result from the different tax rates applied in Germany and Austria.

The effects resulting from the imposition of current and deferred trade taxes which are not computed in Germany on the basis of uniform tax rates and the reduction of the official rates of corporate income tax and solidarity surtax caused by the deductibility of trade taxes are presented under the item Tax effects from differing legal norms.



In accordance with IAS 12.81 (g), the deferred tax assets and liabilities have been assigned to the following balance sheet items:

in € thousand at 12/31	2009		2008	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tax loss carryforwards	10,464	-	13,000	-
Credit risk provisions	-	81	-	97
Trading assets	-	6,604	-	8,033
Property and equipment	-	95	-	130
Intangible assets	-	558	-	1,893
Non-current financial assets	539	769	451	543
Other assets	-	9	-	31
Trading liabilities	6,560	-	7,991	-
Provisions	114	-	114	330
Other liabilities	81	-	162	-
<b>Total</b>	<b>17,758</b>	<b>8,116</b>	<b>21,718</b>	<b>11,057</b>

The change in the balance of deferred taxes from temporary differences caused an expense of €2,398 thousand (2008: €4,574 thousand) and an income of €4,358 thousand (2008: €4,910 thousand). The utilization of deferred tax assets from loss carryforwards led to an expense in the amount of €3,145 thousand (2008: €97 thousand); the subsequent capitalization of tax loss carry-forwards led to income of €609 thousand (2008: €615 thousand).

### ► 38 Appropriation of net profit (as per HGB/AktG)

The unappropriated net profit of DAB bank AG for the 2009 fiscal year, as calculated in accordance with national laws, including in particular the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), amounted to €22,556 thousand. At the annual shareholders' meeting to be held on May 20, 2010, the Management Board and Supervisory Board of DAB bank AG will propose distributing a dividend of 0.30 euros per no-par bearer share. The consolidated unappropriated net profit of the DAB bank Group calculated in accordance with IFRS is likewise €22,556 thousand.

### ► 39 Earnings per share

	2009	2008
<b>01/01 - 12/31</b>		
Consolidated net income (attributable to shareholders of DAB bank AG) in K€	23,299	8,359
Average number of shares outstanding	75,187,007	75,187,007
<b>Earnings per share (basic) in €</b>	<b>0.31</b>	<b>0.11</b>
Consolidated net income in € thousand	23,299	8,359
Number of potential shares	-	-
Adjusted average number of shares outstanding	75,187,007	75,187,007
<b>Earnings per share (diluted) in €</b>	<b>0.31</b>	<b>0.11</b>

### ► 40 Value-added statement

#### Origination

in € thousand	2009	2008
<b>01/01 - 12/31</b>		
<b>Total income</b>	<b>169,422</b>	<b>141,209</b>
Credit risk provisions	572	312
Other administrative expenses*	76,541	78,323
Depreciation/amortization of property and equipment and intangible assets (including goodwill)*	12,181	9,734
Change in provisions	3,391	308
<b>Value-added</b>	<b>76,737</b>	<b>52,532</b>

#### Distribution

in € thousand	2009	2008
<b>01/01 - 12/31</b>		
Employees (personnel expenses)*	43,162	41,149
Government (taxes)	10,265	3,024
Shareholders of DAB bank AG (dividend)	22,556	8,271
Non-controlling interests (profit/dividend)	48	127
Enterprise (self-financing)	706	88
<b>Value-added</b>	<b>76,737</b>	<b>52,659</b>

\* including restructuring expenses related to sale of FSB unit

## Notes to the Consolidated Statement of Financial Position

### ► 41 Cash reserve

in € thousand at 12/31	2009	2008
Cash on hand	1,373	1,653
Balances with central banks	52,239	34,486
<b>Total</b>	<b>53,612</b>	<b>36,139</b>

The prescribed minimum cash reserve at December 31, 2009, amounted to €46,498 thousand (2008: €66,119 thousand).

### ► 42 Receivables from banks

by maturity		
in € thousand at 12/31	2009	2008
<b>Payable on demand</b>	154,452	132,567
<b>Due in</b>	321,480	1,150,197
up to 3 months	183,884	327,576
more than 3 months to 1 year	137,596	822,621
more than 1 year to 5 years	-	-
more than 5 years	-	-
<b>Total</b>	<b>475,932</b>	<b>1,282,764</b>
by domestic and foreign		
in € thousand at 12/31	2009	2008
Domestic	328,110	1,145,657
Foreign	147,822	137,107
<b>Total</b>	<b>475,932</b>	<b>1,282,764</b>

### from affiliated companies

in € thousand at 12/31	2009	2008
<b>Total</b>	<b>139,779</b>	<b>78,459</b>

### by overdue status

in € thousand at 12/31	2009	2008
Neither overdue nor written down	475,932	1,282,764
Overdue, but not yet written down	-	-
<b>Total</b>	<b>475,932</b>	<b>1,282,764</b>

### ► 43 Receivables from customers

#### by maturity

in € thousand at 12/31	2009	2008
<b>Payable on demand</b>	226,125	228,593
<b>Due in</b>	1,848	39,979
up to 3 months	1,376	-
more than 3 months to 1 year	472	39,979
more than 1 year to 5 years	-	-
more than 5 years	-	-
<b>Total</b>	<b>227,973</b>	<b>268,572</b>
thereof secured by mortgages	-	-

#### by domestic and foreign

in € thousand at 12/31	2009	2008
Domestic	150,882	172,970
Foreign	77,091	95,602
<b>Total</b>	<b>227,973</b>	<b>268,572</b>

## by overdue status

in € thousand at 12/31	2009	2008
Neither overdue nor written down	225,683	266,321
Overdue, but not yet written down	-	-
<b>Total</b>	<b>225,683</b>	<b>266,321</b>

The receivables due on a daily basis consist mainly of loans against securities. The receivables with a defined maturity consist primarily of financing extended in connection with equipment leasing funds, which are funded and secured by maturity-matched deposits.

## ► 44 Credit risk provisions

## Changes in provisions

in € thousand	Individual risks		Latent risks		Total	
	2009	2008	2009	2008	2009	2008
<b>at 01/01</b>	1,863	1,511	-	-	1,863	1,511
<b>Changes recognized in income</b>						
Additions	828	761	-	-	828	761
Releases	233	390	-	-	233	390
<b>Changes not recognized in income</b>						
Utilization	168	19	-	-	168	19
<b>at 12/31</b>	<b>2,290</b>	<b>1,863</b>	<b>-</b>	<b>-</b>	<b>2,290</b>	<b>1,863</b>

In the DAB bank Group, receivables amounting to €15 thousand were completely charged off in 2009 (2008: €28 thousand). The amounts recovered on charged-off receivables in 2009 totaled €23 thousand (2008: €59 thousand).

The bank's credit business consists mainly of loans against securities. The apparent and latent risks of such loans are adequately accounted for through the recognition of specific write-downs. The amount of value-adjusted customer receivables covered by collateral amounts to €247 thousand (2008: €388 thousand).

## ► 45 Trading assets

in € thousand 01/01 - 12/31	2009	2008
<b>Trading assets (HFT)</b>		
Bonds and other fixed-income securities	223	565
Stocks and other variable-yield securities	411	1,244
Derivative financial instruments	19,997	24,328
<b>Total</b>	<b>20,631</b>	<b>26,137</b>

The trading assets include the securities held in connection with our offering of bonds, stock and hedge fund certificates, as well as the positive fair values of derivatives traded with customers or counterparties.

At the balance sheet date, the securities presented under Trading assets were not subject to any restrictions on disposal.

A breakdown of derivative financial instruments by residual maturities is presented on page 68 of the Management Report (Risk Report).

## ► 46 Financial assets

### Breakdown of financial assets

in € thousand at 12/31	2009	2008
<b>AFV financial assets</b>	1,259,618	1,388,183
<b>Bonds and other fixed-income securities</b>	1,256,195	1,386,055
thereof: long-term financial assets	-	-
<b>Stocks and other variable-yield securities</b>	3,423	2,128
thereof: long-term financial assets	-	-
<b>AFS financial assets</b>	627,595	229,443
<b>Equity investments</b>	20	20
<b>Bonds and other fixed-income securities</b>	626,696	228,036
thereof: long-term financial assets	-	-
<b>Stocks and other variable-yield securities</b>	879	1,387
thereof: long-term financial assets	-	-
<b>HtM financial assets</b>	357,863	505,598
<b>Bonds and other fixed-income securities</b>	357,863	505,598
including: long-term financial assets	-	-
<b>Total</b>	2,245,076	2,123,224

At the balance sheet date, we applied an impairment test to our holdings of HtM financial assets for which there was an indication of possible impairments. The impairment test conducted in this context confirmed the substantive value of the tested securities and thus the substantive value of the total portfolio in the amount of the the stated carrying amount totaling €357,863 thousand. At the balance sheet date, the market value of all HtM holdings amounted to €366,695 thousand.

The carrying amounts at December 31, 2009, break down as follows:

in € thousand	Equity investments	Bonds and other fixed-income securities	Stocks and other variable-yield securities	Total
<b>Marketable securities</b>	-	2,240,754	3,493	2,244,247
Listed securities	-	2,240,754	2,625	2,243,379
Unlisted securities	-	-	868	868
<b>Unmarketable securities</b>	20	-	809	829

The equity investments in the amount of €20 thousand are held by our subsidiary direktanlage.at AG.

The Bonds and other fixed-income securities and the Stocks and other variable-yield securities break down as follows:

in € thousand at 12/31	2009	2008
<b>Bonds and other fixed-income securities</b>	2,240,754	2,119,689
Money market instruments	56,678	41,858
of public issuers	-	-
of other issuers	56,678	41,858
Bonds and debt issues	2,184,075	2,077,831
of public issuers	187,790	341,237
of other issuers	1,996,285	1,736,594
<b>Stocks and other variable-yield securities</b>	4,302	3,515
Stocks	536	121
Investment fund shares	2,284	1,977
Index certificates	1,482	1,417

In the table below, the Bonds and other fixed-income securities are broken down by maturities:

in € thousand at 12/31	2009	2008
<b>Term to maturity</b>		
up to 3 months	154,304	416,257
3 months to 1 year	426,697	570,286
1 year to 5 years	1,571,533	998,022
more than 5 years	88,220	135,124
<b>Total</b>	2,240,754	2,119,689

### Financial assets by overdue status

in € thousand at 12/31	2009	2008
Neither overdue nor written down	2,240,754	2,119,689
Overdue, but not yet written down	-	-
<b>Total</b>	2,240,754	2,119,689

## ► 47 Property and equipment

### Changes in property and equipment

in € thousand	Operational and business equipment
<b>Acquisition/production cost</b>	
Balance at 01/01/2008	25,541
Additions	1,316
<b>Balance at 12/31/2008</b>	<b>26,857</b>
<b>Depreciation and impairments</b>	
Balance at 01/01/2008	14,038
Scheduled depreciation	1,715
<b>Balance at 12/31/2008</b>	<b>15,753</b>
<b>Carrying amounts</b>	
<b>Balance at 12/31/2009</b>	<b>11,104</b>
<b>Acquisition/production cost</b>	
Balance at 01/01/2009	26,857
Additions	2,920
Disposals	6,019
<b>Balance at 12/31/2009</b>	<b>23,758</b>
<b>Depreciation and impairments</b>	
Balance at 01/01/2009	15,753
Scheduled depreciation	1,510
Impairments	9
Disposals	6,014
<b>Balance at 12/31/2009</b>	<b>11,258</b>
<b>Carrying amounts</b>	
<b>Balance at 12/31/2009</b>	<b>12,500</b>

## ► 48 Intangible assets

### Changes in intangible assets

in € thousand	Software	Customer base	Goodwill
<b>Acquisition/ production cost</b>			
<b>Balance at 01/01/2008</b>	71,163	6,840	26,319
Additions	7,378	-	-
Disposals	15	-	-
<b>Balance at 12/31/2008</b>	<b>78,526</b>	<b>6,840</b>	<b>26,319</b>
<b>Depreciation and impairments</b>			
<b>Balance at 01/01/2008</b>	31,660	1,134	3,625
Scheduled depreciation	7,563	456	-
Disposals	13	-	-
<b>Balance at 12/31/2008</b>	<b>39,210</b>	<b>1,590</b>	<b>3,625</b>
<b>Carrying amounts</b>			
<b>Balance at 12/31/2008</b>	<b>39,316</b>	<b>5,250</b>	<b>22,694</b>
<b>Acquisition/ production cost</b>			
<b>Balance at 01/01/2009</b>	78,526	6,840	26,319
Additions	4,292	-	-
Disposals	18,243	5,220	-
Changes in consolidation group	-	-	2,219
<b>Balance at 12/31/2009</b>	<b>64,575</b>	<b>1,620</b>	<b>28,538</b>
<b>Depreciation and impairments</b>			
<b>Balance at 01/01/2009</b>	39,210	1,590	3,625
Scheduled depreciation	7,950	253	-
Impairments	3,699	-	1,923
Disposals	18,161	1,537	-
<b>Balance at 12/31/2009</b>	<b>32,698</b>	<b>306</b>	<b>5,548</b>
<b>Carrying amounts</b>			
<b>Balance at 12/31/2009</b>	<b>31,877</b>	<b>1,314</b>	<b>22,990</b>

The software contains advance payments of €1,967 thousand (2008: €3,963 thousand) for IT projects that were not yet completed on the balance sheet date.

Following the sale of the FSB customer base, the customer base item in the amount of €1,314 thousand is exclusively comprised of the customer base from the acquisition of SRQ FinanzPartner AG. The carrying amount of the FSB customer base that was sold in the amount of €3,683 thousand is presented in the disposals item.

Of the goodwill totaling €22,990 thousand, €18,137 thousand is allocated to direktanlage.at AG. In addition, goodwill exists arising from the majority investment holding in SRQ FinanzPartner AG. In the first quarter of 2009, we acquired additional shares in SRQ, leading to an increase in goodwill by €2,219 thousand. In connection with the impairment test applied to the goodwill of SRQ at the balance sheet date, we applied a write-down of €1,923 thousand and thus carry a new value of €4,853 thousand.

#### ► 49 Income tax assets

in € thousand at 12/31	2009	2008
Tax refund claims	3,578	3,553
Deferred tax assets from tax loss carryforwards	10,464	13,000
Deferred tax assets from temporary differences	7,294	8,718
<b>Total</b>	<b>21,336</b>	<b>25,271</b>

#### ► 50 Other assets

in € thousand at 12/31	2009	2008
Prepaid expenses	1,550	2,879
Trade receivables	1,705	10,026
Receivables due from public-sector entities	2,706	10,283
Other assets	3,676	4,855
<b>Total</b>	<b>9,637</b>	<b>28,043</b>

##### from affiliated companies

in € thousand at 12/31	2008	2008
<b>Total</b>	<b>-</b>	<b>309</b>

##### by overdue status (Trade receivables)

in € thousand at 12/31	2009	2008
<b>Neither overdue nor written down</b>	<b>310</b>	<b>8,559</b>
<b>Overdue, but not yet written down</b>	<b>1,222</b>	<b>1,385</b>
up to 3 months	623	1,270
more than 3 months up to 6 months	450	21
more than 6 months up to 1 year	149	94
more than 1 year up to 5 years	-	-
more than 5 years	-	-
<b>Total</b>	<b>1,532</b>	<b>9,944</b>

The valuation allowances charged against various trade receivables at the balance sheet date amounted to €173 thousand (2008: €82 thousand).



## ► 51 Liabilities to banks

### by maturity

in € thousand at 12/31	2009	2008
Payable on demand	27,056	281,773
Due in	9,774	42,687
up to 3 months	9,774	2,708
more than 3 months to 1 year	-	39,979
more than 1 year to 5 years	-	-
more than 5 years	-	-
<b>Total</b>	<b>36,830</b>	<b>324,460</b>

### by domestic and foreign

in € thousand at 12/31	2009	2008
Domestic banks	22,034	275,580
Foreign banks	14,796	48,880
<b>Total</b>	<b>36,830</b>	<b>324,460</b>

### to affiliated companies

in € thousand at 12/31	2009	2008
<b>Total</b>	<b>10,071</b>	<b>4,700</b>

## ► 52 Liabilities to customers

### by maturity

in € thousand at 12/31	2009	2008
Payable on demand	2,147,980	2,414,227
Due in	638,236	847,144
up to 3 months	512,369	701,014
more than 3 months to 1 year	125,867	143,791
more than 1 year to 5 years	-	2,339
more than 5 years	-	-
<b>Total</b>	<b>2,786,216</b>	<b>3,261,371</b>

### by domestic and foreign

in € thousand at 12/31	2009	2008
Domestic	2,259,967	2,774,294
Foreign	526,249	487,077
<b>Total</b>	<b>2,786,216</b>	<b>3,261,371</b>

Every customer of DAB bank AG is insured by the German deposit insurance fund (Einlagensicherungsfonds des Bundesverbands deutscher Banken e.V.), Cologne, up to a deposit amount of currently €28,508 thousand (2008: €28,450 thousand).

## ► 53 Trading liabilities

The trading liabilities consist of the negative fair values of derivatives traded with customers or counterparties. A breakdown by residual maturities is presented on page 68 of the Management Report (Risk Report).

## ► 54 Provisions

### Changes in provisions

in € thousand	2009	2008
<b>at 12/31</b>	3,112	4,755
<b>Changes recognized in income</b>		
Additions	3,492	851
Reversals	101	543
<b>Changes not recognized in income</b>		
Effects of the sale of FSB unit	-23	-
Utilizations	46	1,917
Transfers	-	-34
<b>at 12/31</b>	6,434	3,112

The total inventory of provisions for compensation of loss or damage in the amount of €4,365 thousand (PY: €1,390 thousand), provisions for long-term obligations toward employees in the amount of €77 thousand (PY: €72 thousand), provisions for litigation expenses in the amount of €35 thousand (PY: €35 thousand), and other provisions in the amount of €80 thousand (PY: €15 thousand).

All provisions consist of current liabilities, except for obligations toward employees. With regard to provisions for compensation of loss or damage, we expect refunds in the amount of €1,008 thousand.

The provisions also contain pension obligations, which break down as follows:

### Changes in pension provisions

in € thousand	2009	2008
<b>Present value of pension obligations at 01/01</b>	1,600	1,713
<b>Changes recognized in income</b>		
Present value of the pension claims earned in the fiscal year	191	-149
Interest expense	86	96
Amortized amount of actuarial gains and losses	23	-60
<b>Changes not recognized in income</b>	-	-
Effects of the sale of FSB unit	-23	-
<b>Present value of pension obligations at 12/31</b>	1,877	1,600

The parameters used to determine the pension obligations are as follows:

in %	12/31/2009- 01/01/2010	12/31/2008- 01/01/2009
<b>at 12/31</b>		
Discount rate	5.25	5.75
Pension trend	1.90	1.90
Salary and vested rights trend	2.50	2.75
Career trend	1.50 / 0.50	1.50 / 0.50

The provisions for pensions and similar obligations relate to benefits payable upon termination of the employment relationship and benefits payable after termination of the employment relationship. Pension provisions in the stricter sense relate to the benefits payable after termination of the employ-

ment relationship and consist entirely of defined benefit plans, which are calculated on the basis of actuarial opinions in accordance with the rules of IAS 19.

The present value of the unfunded defined benefit obligations at the balance sheet date corresponds to the value of provisions in the balance sheet. In this respect, the company exercised the option allowed in the revised IAS 19.93 of fully recognizing unamortized actuarial gains and losses in income for the period.

The defined benefit plans relate to the employees of FSB FondsServiceBank GmbH, which was merged into DAB bank AG in fiscal 2005, and to the employees of direktanlage.at AG. The total number of entitled persons at the balance sheet date is 39 persons (2008: 39 persons), 23 vested claims and 16 unvested claims existed at the balance sheet date. No contributions or benefit payments are currently being made in connection with the existing plans. At the current time, we are not planning to expand the total volume of defined benefit plans.

The total expected pension expenses for 2009 are €102 thousand.

Provisions that are no longer needed are reversed and the corresponding amounts are recognized in income.

## ► 55 Income tax liabilities

in € thousand at 12/31	2009	2008
Income tax provisions	4,073	3,941
Deferred tax liabilities from temporary differences	8,116	11,057
<b>Total</b>	<b>12,189</b>	<b>14,998</b>

## ► 56 Other liabilities

in € thousand at 12/31	2009	2008
Accruals	39,828	30,607
Trade payables	5,444	2,467
Receivables due from public-sector entities	11,910	16,315
Other liabilities	2,674	3,874
<b>Total</b>	<b>59,856</b>	<b>53,263</b>

### to affiliated companies

in € thousand at 12/31	2009	2008
<b>Total</b>	<b>32</b>	<b>21</b>

The deferred accruals relate mainly to short-term liabilities due to employees and trade payables in connection with outstanding invoices.

## ► 57 Subordinated capital

### by maturity

in € thousand at 12/31	2009	2008
<b>Due in</b>		
up to 3 months	-	2,000
more than 3 months to 1 year	8,000	-
more than 1 year to 5 years	10,009	18,023
more than 5 years	-	-
<b>Total</b>	<b>18,009</b>	<b>20,023</b>

### Subordinated capital

Nominal amount in in € thousand	Interest rate	Starting date	Expiration date	Counterparty
8,000	3-month Euribor + 1.00% p.a.	09/30/2005	09/30/2010	UniCredit Bank AG
10,000	3-month Euribor + 0.88% p.a.	12/12/2006	12/13/2011	Volkswahl Bund Lebensversicherung a.G.

The subordinated liabilities fulfill the regulatory requirements of Section 10 section 5a KWG (German Banking Act).

The item of Subordinated liabilities contains pro-rated interest of €9 thousand (PY: €23 thousand) and a loan discount of €12 thousand (PY: €19 thousand) on the subordinated loan extended by Volkswahl Bund Lebensversicherung a.G., which has been recognized as a prepaid expense. Interest expenses of €487 thousand (PY: €1,176 thousand) were incurred on subordinated liabilities in 2009.

## ► 58 Equity

### Subscribed capital

The share capital of DAB bank AG amounts to 75,187,007 euros, unchanged from the previous year. It is divided into 75,187,007 no-par bearer shares, each of which grants the same rights.

The issuance of new shares is possible particularly within the framework of the authorizations in connection with Authorized Capital I and II and Conditional Capital I and II.

There are no restrictions on the voting rights or the transfer of shares. Furthermore, no agreements between companies are known that would result in restrictions on the transfer of voting rights and shares of the company. There are no holders of shares with special rights granting supervisory powers. To the extent that employees of DAB bank AG are shareholders of the company, they exercise the supervision of their voting rights directly.

### Additional paid-in capital

The Additional paid-in capital comprises the remaining premium amount from the issue of stock in connection with DAB bank AG going public in fiscal 1999.

### Retained earnings

The retained earnings consist entirely of Other retained earnings.

### Accumulated other comprehensive income

The accumulated other comprehensive income reflects the measurement result of the securities of financial assets classified as AfS holdings, factoring in a related effect on deferred taxes. Changes in value are not recognized in income until the asset is sold or an impairment loss is recognized.

## Authorized capital

### 1.) Authorized Capital I:

By resolution of the annual shareholders' meeting of May 11, 2006, the Management Board was authorized to increase the share capital by an amount of up to 22,500,000.00 euros by issuing new bearer shares in exchange for cash or in-kind contributions, on one or more occasions in the time until May 11, 2011, with the consent of the Supervisory Board (Authorized Capital I/Authorized Capital 2006/I). When shares are issued against in-kind contributions, the Management Board is authorized to exclude the subscription right of existing shareholders with the consent of the Supervisory Board.

The Authorized Capital I was recorded in the Commercial Register on May 23, 2006.

At December 31, 2009, the Authorized Capital I still existed in the full amount of 22,500,000 euros.

### 2.) Authorized Capital II:

By resolution of the annual shareholders' meeting of May 10, 2007, the Management Board was authorized to increase the share capital by an amount of up to 15,000,000.00 euros by issuing new bearer shares in exchange for cash or in-kind contributions, on one or more occasions in the time until May 10, 2012, with the consent of the Supervisory Board (Authorized Capital II/Authorized Capital 2007/I). When shares are issued against in-kind contributions, the Management Board is authorized to exclude the subscription right of existing shareholders with the consent of the Supervisory Board.

The Authorized Capital II was entered into the Commercial Register on May 21, 2007.

At December 31, 2009, the Authorized Capital II still existed in the full amount of 15,000,000 euros.

## Conditional Capital/Stock Option Plan

1.) By resolution of the annual shareholders' meeting of September 2, 1999 (recorded in the Commercial Register on October 12, 1999), the share capital was conditionally increased by an amount of up to 3,500,000 euros by issue of up to 3,500,000 bearer shares (Conditional Capital I).

The conditional capital increase will be executed only for the purpose of redeeming stock options in connection with the Stock Option Plan. Thus, it will be executed only to the extent that the beneficiaries of stock options exercise their options, in which case shares will be issued from the Conditional Capital. The preemptive shares qualify for dividends from the beginning of the fiscal year in which they are issued.

At the balance sheet date of December 31, 2009, no stock options existed in connection with the 1999 Stock Option Plan of DAB bank AG for the members of the Management Board and the employees of DAB bank AG. No stock options were granted in 2009.

2.) By resolution of the annual shareholders' meeting of May 17, 2001, the share capital was conditionally increased by an amount of up to 3,300,000 euros by issue of up to 3,300,000 bearer shares (Conditional Capital II).

The conditional capital increase will be executed only for the purpose of redeeming stock options in connection with the International Stock Option Plan. Thus, it will be executed only to the extent that the beneficiaries exercise their stock options, in which case shares will be issued from the Conditional Capital. The preemptive shares qualify for dividends from the beginning of the fiscal year in which they are issued.

At December 31, 2009, no stock options existed in connection with the 2001 International Stock Option Plan of DAB bank AG for group employees. No stock options were granted in 2009.

**Changes in the Subscribed, Authorized and Conditional Capital of DAB bank AG**

	Subscribed capital € thousand	Authorized capital € thousand	thereof: exclusive of sub- scription rights € thousand	Conditional capital € thousand
at 01/01/2009	75,187	37,500	37,500	6,800
<b>at 12/31/2009</b>	<b>75,187</b>	<b>37,500</b>	<b>37,500</b>	<b>6,800</b>

**Authorized capital**

Decision year	Original amount € thousand	Still available € thousand	Limited in time until
2006	22,500	22,500	05/11/2011
2007	15,000	15,000	05/10/2012
<b>at 12/31/2009</b>	<b>37,500</b>	<b>37,500</b>	

**Conditional capital**

Decision year	Original amount € thousand	Still available € thousand	Limited in time until
1999	3,500	3,500	-
2001	3,300	3,300	-
<b>at 12/31/2009</b>	<b>6,800</b>	<b>6,800</b>	

► **59 Treasury shares**

In accordance with § 71 (1) (7) AktG, the company is authorized to buy and sell its own shares for trading purposes until October 31, 2010. The shares acquired for this purpose may not exceed 5% of the company's share capital at the close of any day. The price at which treasury shares are purchased may not be more than 10% higher or lower than the average of the closing prices of the DAB bank AG share in the XETRA-trading system (or comparable successor system) on the three stock exchange days preceding the purchase.

The total shares held by the company, including the shares purchased for the purpose indicated above, and any other treasury shares held by the company or attributable to the company by virtue of §§ 71 ff. AktG, may not exceed 10% of the company's share capital at any time.

This authorization supersedes the authorization to purchase treasury shares for trading purposes granted by the shareholders at the annual shareholders' meeting of May 08, 2008, under Agenda Item 6, which is hereby annulled.

DAB bank AG purchased treasury shares in 2008 for the purpose of correcting errors and to process customer orders. Overall, transactions in the period listed above involved 550 shares; this corresponds to a share of € 550 or 0.001 percent of the capital stock. Of this amount, 550 shares were used for correcting errors; this likewise corresponds to a share of 0.001 percent of the capital stock. At an average purchase price/sale price of €3.41 / €3.58 per share, a loss of €95.45 was earned on these transactions.

No company shares were held by the DAB bank Group at December 31, 2009.

► **60 Trust transactions**

The trust assets in the amount of €239,265 thousand consist of securities held in trust in connection with the partial retirement plans known in Germany as Altersteilzeit plans. These assets are offset by trust liabilities in the same amount. These assets are offset by trust liabilities in the same amount. The securities held in trust for this purpose consist entirely of shares and other variable-yield securities measured at fair value.

In accordance with IFRS, the trust assets and trust liabilities of the DAB bank Group are not presented on the face of the consolidated balance sheet. If included in the balance sheet, the trust transactions would correspond to the balance sheet items of Financial assets and Liabilities to customers.

### ▶ 61 Assets and liabilities in foreign currency

The euro equivalent of assets denominated in a foreign currency at the balance sheet date amounted to €66,883 thousand (2008: €93,777 thousand), and that of liabilities denominated in a foreign currency €96,125 thousand (2008: €96,581 thousand). Foreign currency transactions were effected primarily in U.S. dollars.

### ▶ 62 Pledge of securities for own liabilities

Securities with a value of €10,000 thousand were pledged to Clearstream Banking AG, Frankfurt a.M. and Luxembourg, as security for the settlement of securities trades. Furthermore, securities with a nominal value of 10,000 thousand euros were pledged to HSBC Trinkaus & Burkhardt AG, Düsseldorf, as security for the settlement of securities trades in connection with a securities lending transaction.

## Notes to the Statement of Cash Flows

### ▶ 63 Statement of Cash Flows

The Statement of Cash Flows shows changes in the net cash holdings of the company. Cash flows are assigned to the categories of operating activities, investing activities and financing activities.

The stated amount of cash and cash equivalents is equal to the cash reserve item of the balance sheet. This item contains cash on hand and balances with central banks.

The item Changes in other non-cash items contains the net reversal of deferred taxes and the changes in provisions.

The effects from interest income, dividend income, interest expense, and income taxes paid are included in the item Other adjustments.

The change in liquid funds resulting from the further acquisition of shares in SRQ FinanzPartner AG is shown in the Statement of Cash Flows in summary form in a separate item. The purchase of the shares was made by a cash payment, which led to a cash outflow in the amount of the acquisition costs of €3,100 thousand.

## Notes to the segment report

### ▶ 64 Segment reporting

The DAB bank Group is managed exclusively by the companies included in the DAB bank Group, whereby DAB bank AG, direktanlage.at AG, and SRQ FinanzPartner AG represent the operating segments within the meaning of IFRS 8.2ff. This is done by using management approach as a basis according to which a segment is determined on the basis of internal reports, which are regularly reviewed by managerial decision-makers in order to allocate resources to the individual segment and to measure its performance. The Consolidation column contains consolidation entries that do not relate to a particular segment.

The DAB bank Group operates in the business of brokerage and financial services. We consider this business to be the only defined segment in which we operate. Therefore, we do not consider it useful to present a segmentation based on types of business (secondary segmentation).

The Management Report contains a breakdown by customer groups (B2C and B2B). These two customer groups differ primarily with regard to the structure of their needs, while the products and services offered to both customer groups are basically identical. A segmentation based on the B2C and B2B customer groups, beyond the information contained in other parts of the present Annual Report, has not been presented, also given the context of consistent application of the management approach prescribed by IFRS 8.



## Consolidated Segment Report according to IFRS

### Statement of Comprehensive Income by Segments:

in € thousand	DAB bank AG	SRQ FinanzPartner AG	direktanlage.at AG	Consolidation	Group
<b>Net interest income</b>					
01/01/2009-12/31/2009	55.149	-144	9.727	-	64.732
01/01/2008-12/31/2008	44.795	-19	9.773	-	54.549
<b>Provisions for possible losses</b>					
01/01/2009-12/31/2009	551	-	21	-	572
01/01/2008-12/31/2008	138	-	174	-	312
<b>Net interest income after provisions for possible losses</b>					
01/01/2009-12/31/2009	54.598	-144	9.706	-	64.160
01/01/2008-12/31/2008	44.657	-19	9.599	-	54.237
<b>Net commission income</b>					
01/01/2009-12/31/2009	63.636	3.452	15.824	-	82.912
01/01/2008-12/31/2008	87.241	3.710	17.468	-	108.419
<b>Trading profit/loss</b>					
01/01/2009-12/31/2009	687	-	27	-	714
01/01/2008-12/31/2008	-140	-	135	-	-5
<b>Profit/loss from investments</b>					
01/01/2009-12/31/2009	8.238	-	2.702	-	10.940
01/01/2008-12/31/2008	-26.320	-	139	-	-26.181
<b>Personnel expenses</b>					
01/01/2009-12/31/2009	31.461	1.321	7.387	-	40.169
01/01/2008-12/31/2008	32.322	1.179	7.648	-	41.149
<b>Other administrative expenses</b>					
01/01/2009-12/31/2009	59.214	2.262	8.538	-11	70.003
01/01/2008-12/31/2008	67.781	1.999	8.628	-85	78.323
<b>Depreciation/amortization of property and equipment and intangible assets</b>					
01/01/2009-12/31/2009	8.473	435	805	-	9.713
01/01/2008-12/31/2008	8.289	615	830	-	9.734
<b>Administrative expenses</b>					
01/01/2009-12/31/2009	99.148	4.018	16.730	-11	119.885
01/01/2008-12/31/2008	108.392	3.793	17.106	-85	129.206

**Statement of Comprehensive Income by Segments:**

in € thousand	DAB bank AG	SRQ FinanzPartner AG	direktanlage.at AG	Consolidation	Group
<b>Restructuring expenses</b>					
01/01/2009-12/31/2009	13.239	-	-	-	13.239
01/01/2008-12/31/2008	-	-	-	-	-
<b>Net other operating income/expenses</b>					
01/01/2009-12/31/2009	9.356	800	-230	-11	9.915
01/01/2008-12/31/2008	3.020	506	805	-85	4.246
<b>Impairment of goodwill</b>					
01/01/2009-12/31/2009	1.923	-	-	-	1.923
01/01/2008-12/31/2008	-	-	-	-	-
<b>Net other income/expenses</b>					
01/01/2009-12/31/2009	-	-	-19	-	-19
01/01/2008-12/31/2008	-	-	-23	-	-23
<b>Result before taxes</b>					
01/01/2009-12/31/2009	22.205	90	11.280	-	33.575
01/01/2008-12/31/2008	66	404	11.017	-	11.487
<b>Income taxes</b>					
01/01/2009-12/31/2009	7.266	29	2.970	-	10.265
01/01/2008-12/31/2008	18	137	2.846	-	3.001
<b>Net profit after taxes</b>					
01/01/2009-12/31/2009	14.939	61	8.310	-	23.310
01/01/2008-12/31/2008	48	267	8.171	-	8.486

**Additional information by segments:**

	DAB bank AG	SRQ FinanzPartner AG	direktanlage.at AG	Group
<b>Cost-income ratio (in %)</b>				
01/01/2009-12/31/2009	83.7	97.8	59.7	80.1
01/01/2008-12/31/2008	99.9	90.4	60.8	91.8
<b>Investments in property and equipment and intangible assets (in € thousand)</b>				
01/01/2009-12/31/2009	6,396	30	786	7,212
01/01/2008-12/31/2008	6,295	888	1,511	8,694
<b>Total book value of segment assets (in € thousand)</b>				
12/31/2009	2,614,157	6,253	521,472	3,120,588
12/31/2008	3,435,663	7,877	443,795	3,866,651
<b>Total book value of segment liabilities (in € thousand)</b>				
12/31/2009	2,488,402	3,383	488,444	2,939,428
12/31/2008	3,282,656	4,855	415,022	3,701,462
<b>Cash flow from operating activities (in € thousand)</b>				
01/01/2009-12/31/2009	105,223	183	34,290	139,696
01/01/2008-12/31/2008	-398,410	1,069	-60,909	-458,250
<b>Cash flow from investing activities (in € thousand)</b>				
01/01/2009-12/31/2009	-55,684	30	-58,096	-113,750
01/01/2008-12/31/2008	323,567	-1,069	81,127	403,625
<b>Cash flow from financing activities (in € thousand)</b>				
01/01/2009-12/31/2009	-4,205	-213	-4,055	-8,473
01/01/2008-12/31/2008	-15,773	-	-9,414	-25,187
<b>Employees (headcount)</b>				
12/31/2009	532	12	119	663
12/31/2008	571	14	127	712
<b>Trades executed (number)</b>				
01/01/2009-12/31/2009	5,512,492	-	1,137,988	6,650,480
01/01/2008-12/31/2008	8,173,794	-	1,061,240	9,235,034
<b>Securities accounts (number)</b>				
12/31/2009	997,510	4,278	56,715	1,058,503
12/31/2008	1,034,807	3,183	53,023	1,091,013

In the prior year, the segmentation still occurred based on the regions Germany and Austria, whereby DAB bank AG and SRQ FinanzPartner AG were components of the Germany region, and direktanlage.at AG was the only component of the Austria region. For reasons of clarity, we have adjusted the prior-year figures to the currently applicable segmentation according to the companies included in the DAB bank Group.

## Other disclosures

### ► 65 Additional disclosures concerning financial instruments

#### Carrying amounts and fair values by financial instruments

The specified fair value of the financial instruments according to IFRS 7.25 pp. is the amount at which an asset could be exchanged or a liability settled on the balance sheet date between knowledgeable, willing partners in an arm's length transaction.

The financial instruments held by DAB bank are presented either at fair value or at amortized cost on the balance sheet date, depending on the category to which they are assigned. The fair values were calculated on the basis of the market intelligence available.

The fair values of certain financial instruments carried at amortized cost are nearly identical to their carrying amounts. Such cases include the cash reserve and our receivables and liabilities without a clear due date or interest obligation. For the other receivables and liabilities, for determining the fair values the future expected cash flows are discounted to the present value using current interest rates by application of the individually applicable yield curve. Listed (real and indicative) market prices are used for measuring the value of exchange-traded securities, derivatives, and debt instruments. The fair value of forward foreign exchange contracts is measured on the basis of current forward rates.

In situations where fair values of exchange-traded securities cannot be determined with sufficient certainty due to inactive markets, we use the most recent transactions involving similar financial instruments as a basis to determine the fair value. If no plausible fair value can be derived in this way,

we determine the fair value by comparison with essentially identical financial instruments. If a direct comparison is also impossible, we assign a valuation using economically plausible modeling using discounted cash flows on the basis of observable market data.

The difference between the fair values and carrying amounts of assets was €9,462 thousand (2008: €3,851 thousand) and the same difference in the case of liabilities was €797 thousand (2008: €3,847 thousand). The net balance of these values, to be understood as undisclosed reserves or undisclosed liabilities, was €8,665 thousand (2008: €4 thousand).

#### Financial instruments under IFRS 7

in € thousand at 12/31	Valuation category per IAS 39	2009		2008	
		Fair value	Carrying amount	Fair value	Carrying amount
Cash reserve	LaR	53,612	53,612	36,139	36,139
Receivables from banks	LaR	476,562	475,932	1,292,617	1,282,764
Receivables from customers (including credit risk provisions)	LaR	225,683	225,683	266,830	266,709
Trading assets	HfT	20,631	20,631	26,137	26,137
Financial assets		2,253,908	2,245,076	2,117,101	2,123,224
AFV financial instruments	AFV	1,259,618	1,259,618	1,388,183	1,388,183
HtM financial instruments	HtM	366,695	357,863	499,475	505,598
AFS financial instruments	AFS	627,595	627,595	229,443	229,443
Other assets*	LaR	1,705	1,705	10,026	10,026
<b>Assets (total)</b>		<b>3,032,101</b>	<b>3,022,639</b>	<b>3,748,850</b>	<b>3,744,999</b>
Liabilities to banks	AC	36,830	36,830	324,886	324,460
Liabilities to customers	AC	2,787,088	2,786,216	3,264,259	3,261,371
Trading liabilities	HfT	19,894	19,894	24,235	24,235
Subordinated capital	AC	17,934	18,009	20,556	20,023
Other liabilities*	AC	5,444	5,444	2,467	2,467
<b>Liabilities (total)</b>		<b>2,867,190</b>	<b>2,866,393</b>	<b>3,636,403</b>	<b>3,632,556</b>

\* Trade receivables or payables

The fair values of all financial instruments classified as held for trading, at fair value through profit or loss, held to maturity and available for sale are presented below.

in € thousand	12/31/2009				12/31/2008			
	Quoted market prices	Measurement method based on market data	Measurement method not based on market data	Fair value (Total)	Quoted market prices	Measurement method based on market data	Measurement method not based on market data	Fair value (Total)
Trading assets	15,359	5,272	-	20,631	18,072	8,065	-	26,137
Financial assets	2,185,047	68,861	-	2,253,908	2,007,812	109,289	-	2,117,101
AFV financial instruments	1,223,952	35,666	-	1,259,618	1,293,951	94,232	-	1,388,183
HtM financial instruments	348,485	18,210	-	366,695	484,418	15,057	-	499,475
AFS financial instruments	612,610	14,985	-	627,595	229,443	-	-	229,443
Trading liabilities	14,725	5,169	-	19,894	16,263	7,972	-	24,235

### Net results by valuation categories

in € thousand at 12/31	2009 Net results	2008 Net results
Loans and receivables (LaR)	36,623	72,453
Financial assets and financial liabilities measured at fair value, recognized in income (HFT)	714	-5
Financial assets measured at fair value recognized in income (AFV)	43,249	40,233
Investments in financial assets held to maturity (HtM)	19,616	19,574
Assets available for sale (AFS)	12,255	10,240
Financial liabilities measured at amortized cost (AC)	-36,643	-114,444

During the reporting period, the change in value allocated to AFS financial assets and recognized directly in equity was €3,493 thousand (2008: €525 thousand). This amount includes an effect from deferred tax liabilities in the amount of €1,164 thousand (2008: €131 thousand). The amount allocated to AFS financial assets, taken from equity due to sales, and recognized in net income was €-1,644 thousand (2008: €-202 thousand). The effect from deferred tax assets included in it is €721 thousand (2008: €51 thousand).

### ► 66 Key regulatory ratios (based on German Commercial Code, HGB)

As part of the regulatory requirements of the “Bank Solvency Regulation” (SolvV), DAB bank AG decided to apply the Credit Risk Standard Method to the measurement of credit risks, the Market Risk Standard Method to the measurement of market risks, and the Advanced Measurement Approach (AMA) to the measurement of operational risks since 2009.

The Group-level monitoring in Germany is performed exclusively by the parent company of DAB bank AG, UniCredit Bank AG (UCB), Munich. This treatment accords with Section 10a of the German Banking Act (“KWG”) in conjunction with Article 25 Para. 2b of the “GroMiKV” regulation.

At DAB bank AG, the regulatory core capital is planned on the basis of equity as well as the capital charges for default risks and operational risks, and the capital charges for market risk positions.

In addition, the overall ratio as per SolvV is planned, which represents the proportion of equity to capital charges and must at least comply with the 8% limit prescribed by SolvV.

Compliance with the key regulatory ratios is monitored every day. DAB bank was in compliance with these ratios at all times in 2009.

The liable equity capital of DAB bank AG, which is determined on the basis of German commercial law, amounts to €93 million. The capital charges for

default risk declined from €53 million to €41 million, while for operational risk, they amount to €10 million at year-end according to the AMA approach, in contrast to about €17 million in the prior year using the standard method; the capital charges for the market risk position declined compared to the prior year from €0.58 million to €0.36 million.

This results in an overall ratio at year-end pursuant to SolvV of 14.5 %, which increased by 3.7 % compared to the prior year (10.8 %). Thus, the ratio was well above the minimum ratio of 8 % prescribed by the bank regulators. The Tier 1 ratio at 12/31/2009 was 13.41, compared to 9.22 in the prior year. The change in the overall ratio pursuant to SolvV and the Tier 1 ratio primarily result from a strong decline in capital charges for default, market, and operational risks.

#### Risk assets and market risk positions

at 12/31 in € thousand	2009	2008
Core capital	86,155	81,057
Supplementary capital	7,187	13,968
Eligible capital	93,342	95,025
Capital charges for default risk	40,883	52,909
Capital charges for market risk positions	363	576
Capital charges for operational risk	10,149	16,812
Surplus capital	41,948	24,728
Overall ratio per SolvV	14,5%	10,8%

With an overall ratio of 14.5 %, DAB bank AG is adequately endowed with equity capital. In reference to the entire year 2009, DAB bank AG was likewise always sufficiently endowed with equity capital.

For banking regulation purposes, a bank's liquidity is measured by means of the liquidity ratio prescribed by the Liquidity Regulation. This ratio is the

ratio of the cash available within one month to the payment obligations falling due within the same period. A bank's liquidity is considered to be adequate when this ratio is at least 1.0. For DAB bank AG, this ratio came to 6.30 as of December 31, 2009 (2006: 3.08); therefore, this requirement of supervisory law is also satisfied. The changes in the liquidity ratio can be found in the Risk Reporting section on page 73 and 74.

#### ► 67 Significant concentrations of assets and liabilities

The assets and liabilities of the DAB bank Group do not show any significant concentrations. Detailed information on the risks of our business is presented in the Risk Report as a component of the Management Report.

#### ► 68 Contingent liabilities and other obligations

in € thousand at 12/31	2009	2008
<b>Contingent liabilities</b>		
from guarantees and warranty agreements	1,313	1,157
<b>Other commitments</b>		
from rental agreements	28,165	30,717
from lease agreements	15,197	18,149
<b>Total</b>	<b>44,675</b>	<b>50,023</b>

The contingent liabilities presented consist primarily of credit guarantees, which are fully hedged up to an amount of €271 thousand by corresponding cash deposits or securities. The majority of the non-hedged credit guarantees are allocated to our subsidiary SRQ FinanzPartner AG.

The terms of rental and lease agreements are customary for the market and no burdens have been shifted to future fiscal years.

The residual terms of future minimum lease payments due to non-cancellable operating leases break down as follows:

in € thousand at 12/31	2009	2008
<b>Maturity</b>		
up to 1 year	5,015	5,431
more than one year to 5 years	10,182	12,718
more than 5 years	-	-
<b>Total</b>	<b>15,197</b>	<b>18,149</b>

### ► 69 Group affiliation

At December 31, 2009, UniCredit S.p.A., Rome, Italy, indirectly held and Bayerische Hypo- und Vereinsbank AG, Munich, directly held 77.13% of the shares of DAB bank AG. No further direct or indirect investments in capital that exceed 10% of voting rights exist, to the knowledge of the Management Board.

The consolidated financial statements of DAB bank AG at December 31, 2009, prepared in accordance with International Financial Reporting Standards (IFRS), are deemed to be exempting financial statements according to § 315a (1) HGB in conjunction with § 291 (3) (1) (1) HGB. They are included in the consolidated financial statements of UniCredit S.p.A., Rome, Italy, by way of the sub-group consolidated financial statements of UniCredit Bank AG, Munich.

### ► 70 Letter of comfort

Political risks excluded, DAB bank AG, Munich, has undertaken to ensure that direktanlage.at AG, Salzburg, can meet its contractual obligations, within the limit of the Group's share in the equity of that company.

### ► 71 Events after the balance sheet date

Since December 31, 2009, no material events have occurred with regard to the financial and operational development of the DAB bank Group.

### ► 72 Related party disclosures

#### Compensation paid to members of the Supervisory Board, the Management Board and the Senior Vice President of DAB bank AG\*

in € thousand	Fixed component		Performance-related components		Components with a long-term incentive effect		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Management Board	740	1,426	596	948	13	19	1,349	2,393
Supervisory Board	74	76	69	22	-	-	143	98
<b>Total</b>	<b>814</b>	<b>1,502</b>	<b>665</b>	<b>970</b>	<b>13</b>	<b>19</b>	<b>1,492</b>	<b>2,491</b>

\*The compensation of the Senior Vice President relates exclusively to fiscal 2008.



The compensation paid to the individual members of the Supervisory Board and the Management Board in 2009 is presented in the table below:

in € thousand	Fixed component	Performance - related components	Components with a long-term incentive effect	Total
<b>Members of the Management Board</b>				
Markus Gunter	275	238	-	513
Alexander von Uslar	199	125	-	324
Dr. Markus Walch	266	233	13	512
<b>Members of the Supervisory Board</b>				
Werner Allwang	10	9	-	19
Nikolaus Barthold	10	9	-	19
Gunter Ernst	10	9	-	19
Alessandro Foti	6	6	-	12
Dr. Volker Jung	4	3	-	7
Dr. Theodor Weimer	12	12	-	24
Jan Wohlschiess	15	14	-	29
Andreas Wölfer	7	7	-	14
<b>Total</b>	<b>814</b>	<b>665</b>	<b>13</b>	<b>1,492</b>

The key members of management include all members of the Management Board and the Supervisory Board. The compensation in the reporting period and in the comparison period consists primarily of payments due in the short term that are composed of a fixed amount and performance-based components. These plans include programs using stock options and performance shares. Other types of compensation within the meaning of IAS 24.16 were not provided.

## Information on stock options:

### Stock Options:

	2008
Number (units)	55,642
Exercise price (€)	4,185
UCI Share market price at granting (€)	4,185
Date of grant	06/25/2008
Start of exercise period	07/10/2012
End of exercise period	07/09/2018
Fair value per option on date of grant (€)	0,6552

Each stock option grants the right to purchase one share of UniCredit S.P.A., Rome, at a price that was established prior to issuing the option. Exercise is only possible from the beginning of the specified exercise period.

If the beneficiary has left the UniCredit Group by that time, the stock options are fundamentally void, that is, they no longer can be exercised. In specific exceptional cases such as permanent incapacity to work, retirement, or the employer leaving the UniCredit Group, the options are acquired proportionally.

Determination of the fair values of the stock options at the grant date is performed using the trinomial model by Hull & White. The following parameters were taken into account:

- ▶ Probability of the option lapsing because the beneficiary leaves the company prematurely after expiration of the lock-up period
- ▶ Assumption of an exercise barrier, meaning that the options will only be exercised prior to expiration of the exercise period if the current price of the UCG share exceeds the exercise price by the multiplier of the exercise barrier (for stock options granted in 2008, 1.5 times)
- ▶ Dividend yield of the UCG share
- ▶ Average historical daily volatility over the term of the lock-up period

For options, expense is recorded as the fair value on the grant date on the basis of the expected number of exercised options over the term.

Dr. Markus Walch participated in the stock option plans of UniCredit that were set up in the years 2005 and 2008. For fiscal 2008, an expense of €19 thousand was incurred that we had not disclosed. We have accordingly corrected the prior year figure, which was originally €2,374 thousand. The number of options from the 2005 plan is 18,500 on the balance sheet date, whereby the option plan became due effective December 31, 2009. The resulting cumulative expense is €19.5 thousand.

### Information on performance shares:

#### Performance shares:

	2008
Number (units)	17,513
UCI Share market price at granting (€)	4.185
Date of conditional promise	06/25/2008
Grant upon fulfillment of criteria	12/31/2011
Fair value per performance share on the commitment date (€)	3.480

The transfer at no charge of a fixed number of shares (performance shares) of UniCredit will be effected when the individual relevant goals have been achieved after passage of three years and the rights holder continues to work for the UniCredit Group; otherwise, the performance shares fundamentally lapse (see the description of stock options regarding specific exceptions). Upon satisfaction of the criteria, we disclose the resulting expense only upon occurrence of the grant in fiscal 2011.

**Receivables from members of the Supervisory Board and the Management Board**

in € thousand at 12/31	2009	2008
Members of the Management Board	-	-
Members of the Supervisory Board	30	30
<b>Total</b>	<b>30</b>	<b>30</b>

At the balance sheet date, receivables due from members of the Supervisory Board existed in the amount of €30 thousand due to granted loans against securities, which are based on customary market terms. No further loans, advances, or contingent liabilities existed. The members of the Supervisory Board did not receive any compensation in 2009 for services rendered personally.

In 2009, the company maintained business relationships with the following companies included in the consolidated financial statements of the ultimate parent company UniCredit S.p.A.:

- ▶ Bank Austria Creditanstalt Aktiengesellschaft, Vienna
- ▶ Hewitt Associates GmbH, Munich
- ▶ H.F.S. Fondsbeteiligung für Sachwerte GmbH, Munich
- ▶ HVB Payments & Services GmbH, Aschheim/Dornach
- ▶ Pioneer Investments Austria GmbH, Vienna
- ▶ Pioneer Investments Kapitalanlagegesellschaft mbH, Unterföhring
- ▶ Pioneer Asset Management S.A., Luxembourg
- ▶ Schoellerbank Aktiengesellschaft, Vienna
- ▶ Schoellerbank Invest AG, Salzburg
- ▶ UniCredit Bank AG, Munich
- ▶ UniCredit Global Information Services S.p.A., Milan

Significant business relationships with affiliated companies are presented in the table below:

in € thousand	Expenses		Income	
	2009	2008	2009	2008
<b>Other companies included in the UniCredit S.p.A. with significant influence:</b>				
UniCredit Bank AG	961	1,459	2,241	7,248
<b>Other companies included in the UniCredit S.p.A.</b>				
Bank Austria Creditanstalt Aktiengesellschaft	14	24	-	13
UniCredit Global Information Services S.p.A.	373	501	-	-
Pioneer Investments Kapitalanlagegesellschaft mbH	-	302	526	1,574
Pioneer Asset Management SA	-	-	1,027	1,147

in € thousand at 12/31	Receivables		Payables	
	2009	2008	2009	2008
<b>Other companies included in the UniCredit S.p.A. with significant influence:</b>				
UniCredit Bank AG	142,316	79,607	19,680	17,675
<b>Other companies included in the UniCredit S.p.A.</b>				
Bank Austria Creditanstalt Aktiengesellschaft	76	3,032	185	600
UniCredit Global Information Services S.p.A.	-	-	32	21
Pioneer Investments Kapitalanlagegesellschaft mbH	-	89	-	-
Pioneer Asset Management SA	-	220	-	-

All transactions, including the delivery and receipt of banking-related and non-banking-related goods and services, as well as the delivery and receipt of IT and outsourcing services, were conducted at customary market terms. In the DAB bank Group, a total effect from the income and expenses consolidation of €4,227 thousand (2008: €5,389 thousand) occurred in fiscal 2009, and a total effect of €801 thousand (2008: €1,071 thousand) occurred at the balance sheet date arising from debt consolidation.

## ▶ 73 Employees

	2009	2008
<b>Average number of employees (headcount)</b>		
Managing Directors	6	7
Senior Vice President	-	1
Holders of commercial power of attorney	10	11
Other salaried employees	621	658
Parental leave/military service	22	20
Vocational trainees	17	15
<b>Employees (total)</b>	<b>676</b>	<b>712</b>

## ▶ 74 Members of the Supervisory Board and the Management Board

**Members of the Supervisory Board of DAB bank AG:****Dr. Theodor Weimer (Chairman since May 14, 2009)**

Board Spokesman of UniCredit Bank AG, Munich, and member of the Management Committee as Country Chairman Germany of the UniCredit Group, Rome, Italy

At December 31, 2009, Dr. Theodor Weimer also served on the following other, legally prescribed Supervisory Boards of German companies:

- ▶ ThyssenKrupp Services AG, Düsseldorf, Mitglied des Aufsichtsrats

At December 31, 2009, Dr. Theodor Weimer served on the following comparable oversight boards of German and foreign companies:

- ▶ AI Beteiligungs GmbH, Vienna, Austria, Member of the Board of Directors \*)
- ▶ HVB Consult GmbH, Munich, Chairman of the Board of Directors \*)
- ▶ UniCredit CA IB AG, Vienna, Austria, Member of the Supervisory Board \*)
- ▶ UniCredit CA IB Polska S.A., Warsaw, Poland, Member of the Supervisory Board \*)

**Andreas Wölfer (Chairman until May 14, 2009)**

Member of the Management Board of UniCredit Bank AG, Munich, and Head of Division Private Banking of UniCredit S.p.A., Rome, Italy.

**Jan Wohlschiess (Vice Chairman)**

Head of Organisation Division Private Banking, UniCredit S.p.A., Rome, Italy, and Director of UniCredit Bank AG, Munich

At December 31, 2009, Mr. Jan Wohlschiess did not serve on any other legally prescribed Supervisory Boards of German companies.

At December 31, 2009, Mr. Jan Wohlschiess also served on the following other, comparable oversight boards of German and foreign companies:

- ▶ UniCredit Luxembourg Société Anonyme, member of the Board of Directors

#### **Gunter Ernst**

Person of independent means

At December 31, 2009, Mr. Gunter Ernst served on the following other, legally prescribed Supervisory Boards of German companies:

- ▶ Gütermann AG, Gutach, Vice Chairman
- ▶ Schwäbische Bank AG, Stuttgart, Vice Chairman
- ▶ Wüstenrot & Württembergische AG, Stuttgart

At December 31, 2009, Mr. Gunter Ernst did not serve on any other, comparable oversight boards of German and foreign companies.

#### **Alessandro Foti (since May 14, 2009)**

Head of Business Line Asset Gathering of UniCredit Group, Rome, Italy, and Chief Executive Officer of FinecoBank S.p.A., Milan, Italy

At December 31, 2009, Mr. Alessandro Foti served on no other, legally prescribed Supervisory Boards of German companies.

At December 31, 2009, Mr. Alessandro Foti served on the following comparable oversight boards of German and foreign companies:

- ▶ direktanlage.at AG, Salzburg, Chairman of the Supervisory Board \*)

#### **Dr. Eng. h.c. Volker Jung (until May 14, 2009)**

Person of independent means

#### **Werner Allwang (employee representative)**

Manager, B2B Own-Account Trading, DAB bank AG, Munich

At December 31, 2009, Mr. Werner Allwang did not serve on any other legally prescribed Supervisory Boards of German companies, nor on any other, comparable oversight boards of German and foreign companies.

#### **Nikolaus Barthold (shareholder representative)**

Senior Manager, B2B Trading, DAB bank AG, Munich

At December 31, 2009, Mr. Nikolaus Barthold did not serve on any other legally prescribed Supervisory Boards of German companies, nor on any other, comparable oversight boards of German and foreign companies.

\*) Group mandates of UniCredit S.p.A., Rome, Italy

**Members of the Management Board of DAB bank AG:****Markus Gunter**

Responsible for B2C, B2B, FSB Partner, Marketing, Products & Services, Human Resources, Communications & Corporate Affairs

In addition, he held the following other offices at December 31, 2009:

Member of the Supervisory Board:  
SRQ FinanzPartner AG, Berlin, Chairman\*)  
Innovatum AG, Munich, Vice Chairman

**Dr. Markus Walch**

Responsible for Finance & Controlling, IT, Operations, FSB Customer, Internal Audit and Legal & Compliance

In addition, he held the following other offices at December 31, 2009:

Member of the Supervisory Board:  
direktanlage.at AG, Salzburg \*)  
SRQ FinanzPartner AG, Berlin, Vice-Chairman \*)

**Alexander von Uslar (until June 30, 2009)**

\*) Group mandates of UniCredit S.p.A., Rome, Italy

**▶ 75 Changes in the Management Board and Supervisory Board****Management Board:**

Effective June 30, 2009, Alexander von Uslar resigned from his seat on the Management Board. His areas of responsibility were transferred to Markus Gunter and Dr. Markus Walch effective July 1, 2009.

**Supervisory Board:**

At the annual shareholders' meeting of May 14, 2009, two new members were elected to the Supervisory Board. Dr. Theodor Weimer, Board Spokesman of UniCredit Bank AG, Munich, and member of the Management Committee as Country Chairman Germany of the UniCredit Group, was elected as the new Chairman of the Supervisory Board. Alessandro Foti, Head of Business Line Asset Gathering of UniCredit Group and Chief Executive Officer of FinecoBank, joined the Supervisory Board as the other new member. Mr. Andreas Wölfer and Dr. Volker Jung both resigned their offices effective at the end of the annual shareholders' meeting on May 14, 2009.

### ▶ 76 Shareholdings of members of the Management Board and the Supervisory Board

at 12/31/2009	Shares	Options
<b>Members of the Management Board</b>		
Markus Gunter	-	-
Dr. Markus Walch	-	-
<b>Members of the Supervisory Board</b>		
Werner Allwang	2,001	-
Nikolaus Barthold	-	-
Gunter Ernst	-	-
Alessandro Foti	-	-
Jan Wohlschiess	-	-
Dr. Theodor Weimer	-	-
<b>Treasury stock</b>	-	-

### ▶ 77 Share purchases and sales

No purchases or sales of DAB bank shares or derivatives of DAB bank shares were effected by members of the Supervisory Board or Management Board in 2009.

### ▶ 78 Relationships between the independent auditor and DAB bank AG

in € thousand	2009	2008
<b>Fees paid for:</b>		
The audit	309	333
Other certification services	165	178
<b>Total</b>	<b>474</b>	<b>511</b>

### ▶ 79 Declaration of the legal representatives

The Management Board of DAB bank AG hereby states that the provisions of the Implementation Act for the EU Transparency Directive (TUG) and the Securities Trading Act (WpHG) have been complied with as follows:

“To the best of our knowledge and belief, we declare that, in accordance with the generally accepted standards for group reporting that have been applied, the consolidated financial statements present a true and fair view of the assets, financial position and results of operations of the Group, the Group management report represents the course of business including the operating result and the Group’s position in such a way that a true and fair view is imparted, and the material opportunities and risks of expected development in the following fiscal year are described.”

### ▶ 80 Timing of release for publication

The present consolidated financial statements will be submitted to the Supervisory Board for adoption and approval on March 04, 2010.

Munich, February 26, 2010

DAB bank AG



Markus Gunter  
Member of the  
Management Board



Dr. Markus Walch  
Member of the  
Management Board



## Audit opinion

We have audited the consolidated financial statements prepared by the DAB bank AG, München, comprising balance, profit and loss, cash-flow accounting, changes in equity accounting and notes together with the group management report for the business year from 1 January to 31 December. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] (and supplementary provisions of the shareholder agreement/articles of incorporation) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual

financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB (and supplementary provisions of the shareholder agreement/articles of incorporation) and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, March 3, 2010

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Pfeiffer  
Wirtschaftsprüfer  
(German Public Auditor)

Petermaier  
Wirtschaftsprüferin  
(German Public Auditor)

\* Courtesy translation of the management report and the financial statements published in the original language of German.

- ◆◆◆ A luminous green accompanies all corporate communications of DAB bank ◆◆◆
- ◆◆◆ Introduction of DAB current account, along with ec/Maestro card and credit card ◆◆◆
- ◆◆◆ DAB bank purchases 52.52% interest in SRQ FinanzPartner AG (SRQ) ◆◆◆
- ◆◆◆ Pretax profit of €35.0 million leads to dividend of 29 cents per share ◆◆◆

# 2006



## Quarterly Summary Consolidated Statement of Comprehensive Income (IFRS)

in € thousand	4th quarter 2008	1st quarter 2009	2nd quarter 2009	3rd quarter 2009	4th quarter 2009
Interest income	42,696	33,170	28,442	21,667	18,096
Interest expenses	27,277	16,080	12,298	5,192	3,073
<b>Net interest income</b>	<b>15,419</b>	<b>17,090</b>	<b>16,144</b>	<b>16,475</b>	<b>15,023</b>
Provisions for possible losses	319	154	-67	339	146
<b>Net interest income after provisions for possible losses</b>	<b>15,100</b>	<b>16,936</b>	<b>16,211</b>	<b>16,136</b>	<b>14,877</b>
Commission income	54,933	32,924	36,634	40,752	41,844
Commission expenses	25,723	14,293	16,338	18,358	20,253
<b>Net commission income</b>	<b>29,210</b>	<b>18,631</b>	<b>20,296</b>	<b>22,394</b>	<b>21,591</b>
<b>Trading profit</b>	<b>-188</b>	<b>-28</b>	<b>245</b>	<b>523</b>	<b>-26</b>
<b>Profit/loss from investments</b>	<b>537</b>	<b>474</b>	<b>1,079</b>	<b>5,498</b>	<b>3,889</b>
Personnel expenses	11,293	10,500	9,704	9,874	10,091
Other administrative expenses	20,030	17,521	17,537	19,729	15,216
Depreciation/amortization of property and equipment and intangible assets	2,774	2,472	2,573	2,384	2,284
<b>Administrative expenses</b>	<b>34,097</b>	<b>30,493</b>	<b>29,814</b>	<b>31,987</b>	<b>27,591</b>
<b>Restructuring expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,239</b>
<b>Net other operating income/expenses</b>	<b>-556</b>	<b>919</b>	<b>-52</b>	<b>-424</b>	<b>9,472</b>
<b>Impairment of goodwill</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,923</b>
<b>Net other income/expenses</b>	<b>-</b>	<b>-13</b>	<b>-6</b>	<b>-</b>	<b>-</b>
<b>Result before taxes</b>	<b>10,006</b>	<b>6,426</b>	<b>7,959</b>	<b>12,140</b>	<b>7,050</b>
Income taxes	2,529	1,938	2,469	3,799	2,059
<b>Net profit</b>	<b>7,477</b>	<b>4,488</b>	<b>5,490</b>	<b>8,341</b>	<b>4,991</b>
Decrease or increase in the value of AFS financial instruments not affecting net income	394	869	1,210	2,169	-2,399
<b>Other profit/loss for the period (after taxes)</b>	<b>394</b>	<b>869</b>	<b>1,210</b>	<b>2,169</b>	<b>-2,399</b>
<b>Comprehensive income</b>	<b>7,871</b>	<b>5,357</b>	<b>6,700</b>	<b>10,510</b>	<b>2,592</b>
Attributable to shareholders of DAB bank AG	7,419	4,493	5,493	8,336	4,977
Attributable to non-controlling interests	58	-5	-3	5	14
<b>Net profit</b>	<b>7,477</b>	<b>4,488</b>	<b>5,490</b>	<b>8,341</b>	<b>4,991</b>
Attributable to shareholders of DAB bank AG	7,813	5,362	6,703	10,505	2,578
Attributable to non-controlling interests	58	-5	-3	5	14
<b>Comprehensive income</b>	<b>7,871</b>	<b>5,357</b>	<b>6,700</b>	<b>10,510</b>	<b>2,592</b>

in € thousand	2005	2006	2007	2008	2009
Interest income	76,871	100,721	150,713	168,993	101,375
Interest expenses	36,289	57,175	107,832	114,444	36,643
<b>Net interest income</b>	<b>40,582</b>	<b>43,546</b>	<b>42,881</b>	<b>54,549</b>	<b>64,732</b>
Provisions for possible losses	-115	511	-228	312	572
<b>Net interest income after provisions for possible losses</b>	<b>40,697</b>	<b>43,035</b>	<b>43,109</b>	<b>54,237</b>	<b>64,160</b>
Commission income	156,650	228,238	280,787	206,679	152,154
Commission expenses	56,526	99,648	137,807	98,260	69,242
<b>Net commission income</b>	<b>100,124</b>	<b>128,590</b>	<b>142,980</b>	<b>108,419</b>	<b>82,912</b>
<b>Trading profit</b>	<b>2,662</b>	<b>2,827</b>	<b>949</b>	<b>-5</b>	<b>714</b>
<b>Profit/loss from investments</b>	<b>-12,303</b>	<b>-16,098</b>	<b>-6,942</b>	<b>-26,181</b>	<b>10,940</b>
Personnel expenses	37,523	37,920	41,438	41,149	40,169
Other administrative expenses	70,539	82,893	90,980	78,323	70,003
Depreciation/amortization of property and equipment and intangible assets	8,704	8,224	8,601	9,734	9,713
<b>Administrative expenses</b>	<b>116,766</b>	<b>129,037</b>	<b>141,019</b>	<b>129,206</b>	<b>119,885</b>
<b>Restructuring expenses</b>	<b>3,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,239</b>
<b>Net other operating income/expenses</b>	<b>4,525</b>	<b>5,702</b>	<b>6,457</b>	<b>4,246</b>	<b>9,915</b>
<b>Impairment of goodwill</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,923</b>
<b>Net other income/expenses</b>	<b>8,352</b>	<b>-13</b>	<b>-19</b>	<b>-23</b>	<b>-19</b>
<b>Result before taxes</b>	<b>23,891</b>	<b>35,006</b>	<b>45,515</b>	<b>11,487</b>	<b>33,575</b>
Income taxes	4,623	13,035	19,697	3,001	10,265
<b>Net profit</b>	<b>19,268</b>	<b>21,971</b>	<b>25,818</b>	<b>8,486</b>	<b>23,310</b>
Decrease or increase in the value of AfS financial instruments not affecting net income	-586	-469	-918	323	1,849
<b>Other profit/loss for the period (after taxes)</b>	<b>-586</b>	<b>-469</b>	<b>-918</b>	<b>323</b>	<b>1,849</b>
<b>Comprehensive income</b>	<b>18,682</b>	<b>21,502</b>	<b>24,900</b>	<b>8,809</b>	<b>25,159</b>
Attributable to shareholders of DAB bank AG	19,268	21,971	25,711	8,359	23,299
Attributable to non-controlling interests	-	-	107	127	11
<b>Net profit</b>	<b>19,268</b>	<b>21,971</b>	<b>25,818</b>	<b>8,486</b>	<b>23,310</b>
Attributable to shareholders of DAB bank AG	18,682	21,502	24,793	8,682	25,148
Attributable to non-controlling interests	-	-	107	127	11
<b>Comprehensive income</b>	<b>18,682</b>	<b>21,502</b>	<b>24,900</b>	<b>8,809</b>	<b>25,159</b>

## Five-year Summary Consolidated Statement of Comprehensive Income (IFRS)

01/01 - 12/31

The figures from FondsServiceBank were included in the DAB bank Group for the first time effective January 1, 2005. Since February 28, 2007, SRQ FinanzPartner AG has been consolidated in the DAB bank Group.

## Five-year summary of key figures of the DAB bank Group per IFRS

		2005	2006	2007	2008	2009
<b>Results</b>						
Net commission income	€ thousand	100,124	128,590	142,980	108,419	82,912
Net financial income	€ thousand	30,941	30,275	36,888	28,363	76,386
Administrative expenses	€ thousand	116,766	129,037	141,019	129,206	119,885
Result before taxes	€ thousand	23,891	35,006	45,515	11,487	33,575
Net profit	€ thousand	19,268	21,971	25,711	8,359	23,310
Value-added	€ thousand	61,427	72,939	86,865	52,532	76,737
Cost-income ratio	in %	83.4	78.7	75.6	91.8	80.1
Return on equity before taxes	in %	14.4	20.2	25.3	6.6	19.4
<b>Balance sheet</b>						
Total assets	€ mn	2,510.5	3,361.9	4,294.6	3,866.7	3,120.6
Shareholders' equity	€ mn	169.6	177.6	181.9	165.2	181.2
Overall ratio per SolvV	in %	11.5	12.3	9.3	10.8	14.5
<b>Share</b>						
Earnings per share	in %	0.26	0.29	0.34	0.11	0.31
Dividend per share	€	0.18	0.29	0.34	0.11	0.30
Year-end closing price (Xetra)	€	6.80	7.00	6.03	2.57	4.24
Book value per share	€	2.01	2.12	2.12	1.90	2.10
Dividend yield	€	2.6	4.1	5.7	4.3	7.1
Total shareholder return	in %	26.4	7.8	-8.3	-56.5	71.3
Market capitalization	in %	511.3	526.3	453.4	193.2	318.8
<b>Key operational indicators</b>						
Securities accounts	number	955,720	1,018,519	1,106,322	1,091,013	1,058,503
Volume of securities accounts and deposits	€ bn	24.98	29.63	32.82	23.16	27.23
Trades executed	number	9,494,762	10,890,064	11,507,017	9,235,034	6,650,480
Trades executed per securities account per year	number	10.47	11.03	10.84	8.43	6.21
<b>Employees</b>						
Employees (head count)	number	675	646	704	712	663
Employees (full-time equivalents)	number	598	580	643	646	595

The figures from FondsServiceBank were included in the DAB bank Group for the first time effective January 1, 2005. Since February 28, 2007, SRQ FinanzPartner AG has been consolidated in the DAB bank Group.

The overall ratio according to SolvV refers exclusively to DAB bank AG. In the fiscal years 2005 to 2006, the overall ratio was presented in accordance with Principle I (KWG).



- +++ Supplementary claim "The Direct Bank for Investment Services" is added to the DAB bank logo +++
- +++ New mutual fund pricing, with discount of at least 50% on all front-end loads +++
- +++ Administration of 20,000 securities accounts for Volkswagen Bank +++
- +++ Pretax profit climbs to new record of €45.52 million +++

2007



## Glossary

**Asset management:**

(Fiduciary) management of assets for clients.

**Assets:**

Assets refer to all items on the assets side of the balance sheet.

**Basel II:**

Under the new Basel II standards, the capital adequacy requirements are less generalized and more oriented to the specific risks of the bank in question. Thus, they are determined with reference to the credit ratings (internal or external) of the bank's borrowers. The Basel II requirements also place a greater emphasis on the security furnished by borrowers, which is differentiated to a greater degree than before. Also, banks have to reserve capital to cover their operational risks as well. The Basel II capital adequacy rules are the regulatory standards that succeeded the Basel I capital adequacy rules introduced in 1988.

**B2B (business to business):**

The B2B business of DAB bank comprises its business with asset managers, fund brokers and financial intermediaries, and their clients. The services offered by FondsServiceBank also fall within the B2B segment.

**B2C (business to consumer):**

The B2C business of DAB bank comprises its business with individual investors.

**BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht):**

The German Federal Financial Supervisory Authority.

**Bond:**

General term for all debt instruments with definite (fixed or variable) rates of interest and generally having a fixed (typically longer-term) maturity and a contractually specified repayment schedule. Companies issue bonds to raise long-term debt financing.

**Bond fund:**

A bond fund is an investment fund that invests exclusively or predominantly in fixed-income securities.

**Cash flow:**

Cash flow is an indicator that provides insight into the financing capacity of a company.

**Certificate:**

A certificate can refer to an investment certificate (also known as fund share), evidencing ownership of shares of an investment fund, or to an index certificate, evidencing ownership of a share in a portfolio or index. The value of the certificate is based on the value of the securities which are held by the investment fund or which represent the underlying instrument for the portfolio or index.

**Corporate governance:**

The term corporate governance refers to the legal and factual framework of rules and standards applicable to the management and supervision of commercial enterprises. By enhancing transparency, corporate governance rules serve to strengthen trust and confidence that a given company is being managed responsibly, in a manner likely to preserve and create value over time.

**Cost-income ratio:**

At DAB bank, the cost-income ratio is defined as the ratio of administrative expenses to the sum of net interest income after credit risk provisions, the net commission income, the trading profit or loss, the profit or loss from investments, the net other operating income and expenses and the net other income and expenses. A low cost-income ratio is indicative of high productivity.

**DAB Sekunden-Handel:**

This is the name of DAB bank's OTC trading platform, on which customers can buy and sell securities directly from or to the issuers. Among its many advantages, prices are quoted in real time and investors can trade at many times when the official stock exchanges are not open. The DAB Sekundenhandel platform is open for trading weekdays from 8:00 a.m. to 11:00 p.m., Saturdays from 10:00 a.m. to 1:00 p.m. and Sundays from 5:00 p.m. to 7:00 p.m. Also, investors do not incur stock exchange fees, such as the broker's commission, when they trade on the DAB Sekundenhandel platform.

**Default risk:**

Possible losses in value resulting from the default or credit quality deterioration of customers.

**Derivative:**

A derivative is a financial product, the price of which is tied to the price of an underlying financial instrument (shares, bonds, currencies, indexes). Certificates and warrants are examples of derivatives.

**Discount:**

Difference between the repayment amount and the lower issue price or between the listed stock exchange price and the face value of a given security. German law forbids issuing equity shares at a discount to par value, but this practice is common for fixed-income securities.

**Dividend:**

The distribution of a stock corporation's profit to its shareholders on the basis of the shares held. The total dividend payout is not necessarily equal to the company's profit for the year, because that profit may first be reduced by appropriations to various capital reserves (legally mandated in some cases). The shareholders present and represented at the annual meeting vote on the amount of the dividend and the mode of distribution.



**Dividend yield:**

The percentage ratio of the dividend amount to the share price at a given date. It expresses the rate of return per share on the money invested in a given company.

**Effective yield:**

The actual return on an investment, after deduction of incidental expenses such as fees, etc. The effective yield is also determined also by the purchase price, the interest income and the issue premium or discount.

**Equity ratio:**

The ratio of a company's equity to its total assets.

**Fair value:**

Amount at which a financial instrument can be traded between knowledgeable, willing partners in an arm's-length transaction.

**Financial intermediaries:**

This term refers to asset managers licensed to operate as such by the German Federal Financial Supervisory Authority (BaFin), as well as investment fund brokers and institutional investors.

**Flat Fee:**

Products are available at a flat fee.

**Free float:**

The percentage of a company's stock that is traded freely on the stock exchange, as opposed to being held by large-block shareholders with a majority interest.

**Goodwill:**

Company value

**Hedging:**

Hedging refers to the purchase or sale of derivative financial instruments (futures, options, swaps) for the purpose of protecting the value of existing securities or currency positions against negative market price developments by taking on a second, compensatory risk.

**Income that does not depend on customers' trading activity:**

At DAB bank, such income is composed of the net financial income or expenses, plus the following components of the net commission income: portfolio commissions, account maintenance fees, money transfer fees, internally generated sales revenue and foreign exchange income or expenses.

**International Financial Reporting Standards (IFRS):**

These standards are published by the International Accounting Standards Board (IASB), an international organization supported by national accountancy associations. The purpose of this organization is to promote transparent, comparable financial reporting on an international basis.

**Investment fund:**

The assets of an investment fund are managed by an investment company. The investors receive share certificates in evidence of their part ownership of the fund assets. In most cases, the income of an investment fund, deriving from capital gains, dividends, interest, etc., is distributed to the shareholders. Some investment funds reinvest their income, leading to an increase in the value of the fund's shares.

**Investor Relations (IR):**

The purpose of investor relations is to disseminate information to interested persons in the capital markets, including shareholders and stock analysts, on the subject of a company's business strategy, financial performance and key value drivers.

**Initial Public Offering (IPO):**

This term refers to the administrative process by which a company offers its stock for sale to the public in the primary market for the first time. An IPO typically entails the necessity of attaining a listing on an organized stock exchange.

**Issue premium:**

The amount by which the issue price exceeds the nominal value of securities being issued for the first time; or the amount by which the stock market price exceeds the intrinsic value. Also, the sales load that investors pay to purchase shares in most investment funds is sometimes called the issue premium.

**Lowest-price guarantee:**

The lowest-price guarantee of DAB bank gives its customers the peace of mind of knowing that they can purchase the 30 bestselling investment funds in Germany at the guaranteed lowest price. If any customer is able to purchase one of these funds at a lower price somewhere else, DAB bank will pay that investor the difference.

**Mark-to-market:**

This term refers to the practice of writing down the carrying amount of financial instruments to their lower market value.

**Market capitalization:**

This indicator is calculated as the number of common shares outstanding multiplied by the market price of each share.

**MiFID:**

This acronym stands for the European Union Directive "Markets in Financial Instruments Directive," which took effect in 2007. The goals for the European Union "Markets in Financial Instruments Directive," are to improve investor protection, promote greater competition and harmonize the European financial markets.

**Net financial income:**

At DAB bank, the net financial income is defined as the sum of the net interest income before credit risk provisions, the trading profit or loss and the profit or loss from investments.

**Operational risk:**

The possibility of losses resulting from defective internal processes, human error, technological failure or external events.

**Portfolio:**

In connection with securities, the term portfolio refers to the entirety of securities held by a company or individual.

**Portfolio commission:**

The remuneration (typically annual) paid by the investment company to the fund broker.

**Price-earnings ratio (PER):**

This indicator, which is used in the evaluation of stocks, is calculated as the share price divided by the earnings per share, which are derived in turn from the company's profit for the year. The higher the PER, the more expensive a stock is.

**Prime Standard:**

Segment of the Frankfurt Stock Exchange established on January 1, 2003. The Prime Standard segment is geared to companies that wish to sell their securities to international investors. Such companies must satisfy stringent, international standards of corporate transparency that go beyond the requirements of the General Standard segment. DAB bank fulfills the standards of the Prime Standard segment.

**Rating:**

Evaluation of the credit quality of a financial instrument (issue rating) or debtor (issuer rating) by independent rating agencies.

**Return on equity:**

The ratio of earnings before taxes to the average equity during a given period. It expresses the rate of return on the capital provided by the company or its shareholders.

**Risk controlling:**

Ongoing measurement and monitoring of risks, including the development of suitable methods, as well as risk analysis and reporting, by a neutral, process-independent organizational unit.

**Risk management:**

This term refers to the operational management of specific portfolios, based on risk-return considerations.

**Sales load:**

Difference between the issue price and the value of an investment fund share, paid by the investor. The sales load is typically applied to cover the selling expenses of the investment company. Expressed as a percentage of the share value, the sales load is charged either on the redemption (back-end load) or purchase (front-end load) of shares in the investment fund. The amount of the sales load depends primarily on the type of investment fund and the focus of its investment activity.

**Savings plan:**

Investors make regular, fixed contributions to a savings plan, which are used to purchase shares in an investment instrument. The amount and periodicity of contributions can be arranged on a flexible basis.

**Securities issue:**

Securities are issued either directly by the issuing company or through a bank. Companies issue securities in order to raise capital.

**Share capital:**

The share capital is the capital stock of a stock corporation, issued in the form of certificated shares.

**Share certificate:**

A share certificate (also known as investment certificate) evidences the share of an investment fund held by an investor. The value of the share certificate depends on the value of the securities held by the fund.

**Shareholder value:**

The value of a company for its shareholders. Shareholders participate in value creation through share price appreciation, dividend payments, stock buy-backs, etc.

**Straight Forward Dealings (SFDs):**

An innovative investment instrument, similar to a warrant, which is linked to the performance of the individual stocks included in the DAX 30 stock index. The implicit lever of this product creates the potential for high profits. By means of taking short positions, investors can also profit in bear markets. The maximum risk of loss is limited to the capital invested. Also, there is no minimum investment or trading restrictions. SFDs are designed for opportunistic investors.

**Star Partner:**

Thanks to its cooperation agreements with the prestigious investment firms named as its Star Partners, DAB bank can offer its customers special products under special terms. For example, investors pay a flat fee of only 6.95 euros per order for the warrants and certificates.

**Stock index:**

A stock index is an indicator of the performance of all the stocks in a given stock market and/or group of stocks (example: DAX30). Stock indexes are a useful indicator of the general stock market trends.

**Time deposit:**

Bank deposit with a fixed term and interest rate.

**Unappropriated net profit:**

The unappropriated net profit of a stock corporation is the final line of the profit appropriation statement according to German commercial law. It begins with the net profit, to which is added or from which is deducted any profit or loss carried over from the previous year, profit withdrawals or appropriations to reserves, and/or dividend distributions.

**Value driver:**

Business unit that makes a particularly strong contribution to creating value for the company.

**Volatility:**

Range of fluctuation of security prices, foreign exchange rates, commodity prices, interest rates or even investment fund shares over a certain period of time.

**Watchlist:**

The watchlist is used to maintain an overview and follow the development of interesting values, enabling investments to be made when conditions are favorable.

**Warrants:**

Warrants are a type of derivative financial instrument. They entitle the holder to buy (call warrant) or sell (put warrant) securities or currency amounts at predetermined prices and terms, or to receive a cash settlement instead.

**Wertpapierhandelsgesetz (WpHG):**

German Securities Trading Act.

**Withholding tax:**

A withholding tax on investment income introduced as part of the 2008 corporate tax reform. This tax is assessed using an established tax rate that is independent from the personal income tax rate. It essentially covers tax on investment income.

**Xetra (Exchange Electronic Trading):**

The electronic trading system of Deutsche Börse AG, which is offered in addition to the standard floor trading. The prices are not set by floor traders, but are calculated automatically through the matching of purchase and sale orders.

**Management Board**

Markus Gunter

Dr. Markus Walch

**Supervisory Board**

Dr. Theodor Weimer

(Chairman)

Jan Wohlschiess

(Vice Chairman)

Werner Allwang

Nikolaus Barthold

Gunter Ernst

Alessandro Foti

**Corporate Communications**

Georg Rohleder

Dr. Jürgen Eikenbusch

Carolin Mayr (Investor Relations)

Phone: +49/89/500 68-696

Fax: +49/89/500 68-669

communications@dab.com

**Concept & Layout**

DAB bank AG

Carolin Mayr

Andreas Ferber

**Printing**

Eberl Print GmbH

Immenstadt

+++ New tool for heavy traders (DAB Profi Trader) and expansion of the bank's offering of savings plan products +++

+++ Awards for Best E-mail Service, Best Bank for Index Funds and Certificate Broker of the Year 2008 +++

# 2008



<b>Financial calendar</b>	provisional date
Annual Report 2009	03/16/2010
1st quarter report 2010	04/27/2010
Annual shareholders' meeting	05/20/2010
2nd quarter report 2010	07/27/2010
3rd quarter report 2010	10/26/2010



**DAB bank AG**

Address Landsberger Straße 300  
D-80687 Munich

Telephone from Germany: 01802/25 45 00  
from all other countries: +49/89/88 95 -91 00

Internet [www.dab-bank.de](http://www.dab-bank.de)  
[information@dab.com](mailto:information@dab.com)

Fax from Germany: 089/500 68 - 630  
from all other countries: +49/89/500 68 - 630

**direktanlage.at AG**

Elisabethstraße 22  
A-5020 Salzburg

from Austria: 0810/20 12 21  
from Germany: 01803/00 56 67  
from all other countries: +43/662/20 70 - 444

[www.direktanlage.at](http://www.direktanlage.at)  
[info@direktanlage.at](mailto:info@direktanlage.at)

from Austria: 0662/20 70 - 499  
from all other countries: +43/662/20 70 - 499

[www.dab-bank.de](http://www.dab-bank.de)

**DAB bank**  
Die DirektAnlageBank