

The significant change in the effects of non-deductible income-related expenses and tax-exempt income in the reporting year was a result of the low disposal gains and the disposal losses from equity investments. The main changes to permanent accounting-related effects result largely from the decline in other impairments not recognised for tax accounting purposes in connection with equity investments. Significant changes in the effects of impairments and changes in recognition have resulted from loss carryforwards from previous years recognised again.

#### 43\_Discontinued operations

The disposal presented in note 05 of Sal. Oppenheim Private Equity Partners S.A. and Sal. Oppenheim Private Equity Partners GmbH with the majority holdings in CAM Private Equity Consulting & Verwaltungs-GmbH and VCM Capital Management GmbH constitutes a discontinued operation in accordance with IFRS 5. The results of these companies are recognised separately as profit/(loss) from discontinued operations, as follows:

	2008	2007
	€ M	€ M
Income	12	8
Expenses	-19	-22
<b>Pre-tax profit/(loss) from discontinued operations</b>	<b>-7</b>	<b>-14</b>
Income taxes	1	0
<b>Net income/(loss) from discontinued operations</b>	<b>-6</b>	<b>-14</b>

Cash flows from discontinued operations break down as follows:

	2008	2007
	€ M	€ M
Cash flow from operating activities	52	-34
Cash flow from investing activities	-36	0

#### 44\_Segment reporting

The aim of segment reporting, as required in accordance with IAS 14, is to allow better assessment of a company's income sources and its risks, and a differentiated appraisal of the Group's economic performance.

The segments are presented firstly by business division and then according to geographical markets. The breakdown into business divisions is based on the Sal. Oppenheim Group structure as at the end of the year, and reflects the type of products and services offered and the respective target client groups. The monthly management accounts provide the basis for segment reporting.

The first breakdown of the segment report is by business division; Asset Management, Investment Banking, and Other/consolidation. The Private Banking and Asset Management divisions, which were previously presented separately, were merged into a joint Asset Management division. At the same time, Corporate Banking und Financial Markets were combined into the Investment Banking division. The second breakdown is by region; Germany, Luxembourg, Switzerland and Other/consolidation.

Asset management activities are aimed primarily at high net-worth private clients, small and medium-sized companies, foundations and institutional clients. Besides traditional asset management and advisory services, the areas of financial planning, estate planning, real estate investments, private equity and family office also play an important role. Institutional investor assets are managed in the form of investment funds, institutional funds and management mandates.

Investment Banking constitutes Sal. Oppenheim's second core business area alongside Asset Management. The target group includes SMEs, institutional and private investors, as well as the public sector. The results from Mergers & Acquisitions, Equity Capital Markets, Structured Finance and equity, bond and currency trading are summarised in this segment.

The Other/consolidation segment presents group management costs, costs which cannot be clearly allocated to individual business divisions, and the results of strategic positions (sale of equity investments, banking book), as well as the results of fund investments in Alternative Investments.

#### **Presentation of income components and key figures**

The results from the various business divisions were broken down into net interest income, net commission income, net trading income, result from hedge accounting, result from fair value option, administrative expenses and net other operating income and expenses in accordance with the regulations relating to consolidated net income as set out in the IAS/IFRS standards.

Provision for loan losses includes specific valuation allowances for client exposures in the respective business divisions as well as changes in general allowances for doubtful accounts.

Assets and liabilities are shown at their value on the reporting date, 31 December 2008, and are allocated to the appropriate segment.

The carrying amount reported for investments accounted for using the equity method comprises the carrying amounts reported on the balance sheet for these equity investments.

Risk assets includes the assets on the balance sheet, off-balance sheet transactions and derivatives from the individual segments according to risk weighting.

The items entailing price change risks for the respective division are presented under Market risks.

Risk capital is allocated to the individual segments based on the risks of the respective transactions. The remaining equity is allocated to Other. In the individual divisions, the average equity is reported.

The cost/income ratio is calculated on the basis of the ratio of administrative expenses to total operating income before risk provisions. Not included in the calculation are disposals of equity investments including investments in associates as well as impairments on equity investments and shares in affiliated companies.

The profitability of the regulatory capital corresponds to the ratio of the operating result before taxes to capital.

SEGMENT REPORT BY BUSINESS DIVISION

	Continuing operations			Total	Discontinued operations	Total operations
	Asset Management	Investment Banking	Other/consolidation			
	€ M	€ M	€ M			
<b>2008</b>						
Net interest income and share of the profit or loss of associates and joint ventures accounted for using the equity method	137	172	79	388	5	393
Provision for loan losses	-5	-4	8	-1	-1	-2
Net commission income	381	138	54	573	1	574
Net trading income/(loss)	13	15	-99	-71	0	-71
Result from hedge accounting	0	-4	1	-3	0	-3
Result from fair value option	-56	-158	-7	-221	0	-221
Net income/(loss) from non-current financial assets	-53	7	142	96	0	96
Administrative expenses	-367	-297	-242	-906	-16	-922
Other operating income and expenses, net	22	14	-28	8	4	12
<b>Profit/(loss) from operating activities</b>	<b>72</b>	<b>-117</b>	<b>-92</b>	<b>-137</b>	<b>-7</b>	<b>-144</b>
Assets	7,163	32,407	1,797	41,367		
Liabilities and equity	10,556	28,031	2,780	41,367		
Risk assets	6,243	7,390	2,758	16,391		
Market risks	6	23	23	52		
Investments accounted for using the equity method	66	0	126	192		
Equity	691	796	380	1,867		
Cost/income ratio	73.8%	>100.0%		>100.0%		
Pre-tax return on equity	10.4%	-14.7%		-6.8%		

SEGMENT REPORT BY BUSINESS DIVISION

	Continuing operations			Total	Discontinued operations	Total operations
	Asset Management	Investment Banking	Other/ consolidation			
	€ M	€ M	€ M			
<b>2007</b>						
Net interest income and share of the profit or loss of associates and joint ventures accounted for using the equity method	170	231	-71	330	1	331
Provision for loan losses	-9	-12	11	-10	0	-10
Net commission income	467	191	-29	629	4	633
Net trading income/(loss)	28	-149	-31	-152	0	-152
Result from hedge accounting	0	-1	0	-1	0	-1
Result from fair value option	-10	117	9	116	0	116
Net income/(loss) from non-current financial assets	18	49	260	327	-10	317
Administrative expenses	-381	-311	-226	-918	-11	-929
Other operating income and expenses, net	24	7	-5	26	2	28
<b>Profit/(loss) from operating activities</b>	<b>307</b>	<b>122</b>	<b>-82</b>	<b>347</b>	<b>-14</b>	<b>333</b>
Assets	8,099	38,462	-5,471	41,090		
Liabilities and equity	15,654	30,890	-5,454	41,090		
Risk assets	6,898	11,081	-439	17,540		
Market risks	6	16	39	61		
Investments accounted for using the equity method	32	0	112	144		
Equity	742	895	537	2,174		
Cost/income ratio	56.0%	78.3%		91.8%		
Pre-tax return on equity	41.4%	13.6%		17.0%		

SEGMENT REPORT BY GEOGRAPHICAL MARKETS

	Continuing operations				Total	Discontinued operations	Total operations
	Germany	Luxembourg	Switzerland	Other/ consolidation			
	€ M	€ M	€ M	€ M			
<b>2008</b>							
Net interest income and share of the profit or loss of associates and joint ventures accounted for using the equity method	391	16	13	-32	388	5	393
Provision for loan losses	1	-2	0	0	-1	-1	-2
Net commission income	401	72	79	21	573	1	574
Net trading income/(loss)	-48	-3	17	-37	-71	0	-71
Result from hedge accounting	0	0	0	-3	-3	0	-3
Result from fair value option	-250	-10	-1	40	-221	0	-221
Net income/(loss) from non-current financial assets	73	20	0	3	96	0	96
Administrative expenses	-679	-116	-91	-20	-906	-16	-922
Other operating income and expenses, net	1	0	9	-2	8	4	12
<b>Profit/(loss) from operating activities</b>	<b>-110</b>	<b>-23</b>	<b>26</b>	<b>-30</b>	<b>-137</b>	<b>-7</b>	<b>-144</b>
Total assets	39,941	7,050	1,090	-6,714	41,367		
Risk assets	15,145	1,112	505	-371	16,391		
Market risks	51	1	0	0	52		
Investments accounted for using the equity method	162	0	0	30	192		
Equity	1,340	255	181	91	1,867		
Cost/income ratio	>100.0%	>100.0%	78.5%		>100.0%		
Pre-tax return on equity	-8.3%	-8.7%	13.8%		-6.8%		

SEGMENT REPORT BY GEOGRAPHICAL MARKETS

	Continuing operations				Total	Discontinued operations	Total operations
	Germany	Luxembourg	Switzerland	Other/ consolidation			
	€ M	€ M	€ M	€ M			
<b>2007</b>							
Net interest income and share of the profit or loss of associates and joint ventures accounted for using the equity method	374	-17	13	-40	330	1	331
Provision for loan losses	-10	0	0	0	-10	0	-10
Net commission income	430	51	103	45	629	4	633
Net trading income/(loss)	-171	8	9	2	-152	0	-152
Result from hedge accounting	-1	0	0	0	-1	0	-1
Result from fair value option	143	-24	0	-3	116	0	116
Net income/(loss) from non-current financial assets	125	239	0	-37	327	-10	317
Administrative expenses	-726	-69	-95	-28	-918	-11	-929
Other operating income and expenses, net	0	11	0	15	26	2	28
<b>Profit/(loss) from operating activities</b>	<b>164</b>	<b>199</b>	<b>30</b>	<b>-46</b>	<b>347</b>	<b>-14</b>	<b>333</b>
Total assets	37,626	7,021	1,124	-4,681	41,090		
Risk assets	17,816	711	998	-1,985	17,540		
Market risks	58	1	2	0	61		
Investments accounted for using the equity method	110	0	0	34	144		
Equity	1,558	317	218	81	2,174		
Cost/income ratio	88.5%	239.4%	76.0%		91.8%		
Pre-tax return on equity	9.6%	62.7%	13.8%		17.0%		