

PRELIMINARY OFFERING CIRCULAR



Deutsche Bank AG [London]

[Up to] [Quantity] [Certificates] [Call Warrants] [Put Warrants] [Notes]
relating to [insert details of the Underlying Asset]

Issued under its [Xavex®] [Quings™] [x-markets] Programme

[Issue Price: [Amount] per [Certificate] [Warrant] [Note]]

Deutsche Bank AG [London] (the “**Issuer**”) is [the London branch of Deutsche Bank AG which] is incorporated under the laws of Germany. [Deutsche Bank AG London is registered as a foreign company in England and Wales.]

Under Programme (the “**Programme**”) the Issuer may issue certain securities relating to shares and/or indices and/or debt securities and/or commodities and/or currencies. The Issuer has determined to issue [up to] [quantity] [certificates] [call warrants] [put warrants] [notes] (the “**Securities**”) relating to the [Shares] [Index] [Bonds] [Commodities] [Currency] upon the product terms and conditions set out in Section I of this document (the “**Product Conditions**”) and the general terms and conditions set out in Section II of this document (the “**General Conditions**”, which together with the Product Conditions shall be referred to as the “**Conditions**”). References to the term “**Underlying Asset**” shall be construed as references to the [Shares] [Index] [Bonds] [Commodities] [Currency] specified above.

The Issuer has a right of substitution and a right to change the office through which it is acting, subject as provided in General Condition 8.

[Application has been made to list the Securities on the [Luxembourg] Stock Exchange. For the purposes of compliance with the national laws and regulations concerning the offering and/or listing of the Securities outside [Luxembourg] this document may have attached to it one or more country addenda (each a “**Country Addendum**”). The attachment of one or more Country Addenda shall not preclude the attachment of further Country Addenda from time to time. References to “**this document**” shall, unless the context otherwise requires, include any Country Addendum from time to time attached to this document.]

The Securities will be represented by a global security (a “**Global Security**”) which the Issuer will deposit with [Deutsche Börse Clearing Aktiengesellschaft][a depository on behalf of the Clearing Agent(s) (as defined in the Product Conditions)] on the date of issue of the Securities. Definitive Securities will not be issued.

The Securities may be sold by the Issuer at such times and at such prices as the Issuer may select provided that where the Securities are listed on any stock exchange this shall be subject to applicable regulations of any such stock exchange. There is no obligation upon the Issuer to sell all of the Securities. The Securities may be offered or sold from time to time in one or more transactions, in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, in each case at the discretion of the Issuer.

Prospective purchasers of the Securities should ensure that they understand fully the nature of the Securities, as well as the extent of their exposure to risks associated with an investment in the Securities and should consider the suitability of an investment in the Securities in light of their own particular financial, fiscal and other circumstances. Prospective purchasers of the Securities should refer to “General Risk Factors” in Section II of this document. The Securities will represent unsubordinated, unsecured contractual obligations of the Issuer which will rank *pari passu* in all respects with each other.

The Securities have not been registered under the United States Securities Act of 1933, as amended, and trading in the Securities has not been approved by the United States Commodity Futures Trading Commission and the United States Commodity Exchange Act, as amended. For a description of certain restrictions on the sale and transfer of the Securities, please refer to the General Selling and Transfer Restrictions in Section II of this document.

The Preliminary Offering Circular is dated 18 November 2002 and provides information with respect to various types of financial instruments which are capable of issue under the Programme. This Preliminary Offering Circular supersedes the preliminary offering circular dated 16 November, 2001. [This Offering Circular constitutes, in relation to the Securities only, a completed version of the Preliminary Offering Circular and is dated [•] [•], [•].]

Deutsche Bank

IMPORTANT

No dealer, salesman or other person is authorised to give any information or to make any representation other than those contained in this document in connection with the offering or sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. None of this document and any further information supplied in connection with the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of this document or any further information supplied in connection with the Securities should purchase any of the Securities. Each investor contemplating purchasing Securities should make its own independent investigation of the risks involved in an investment in the Securities. Neither this document nor any other information supplied in connection with the Securities constitutes an offer by or on behalf of the Issuer or any other person to subscribe for or purchase any Securities.

Subject as set out in Information Relating to the Underlying Asset in Section I, the Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The delivery of this document does not at any time imply that the information contained herein is correct at any time subsequent to the date of this document or that any further information supplied in connection with the Securities is correct as of any time subsequent to the date indicated in the document containing the same.

The distribution of this document and the offering of the Securities in certain jurisdictions may be restricted by law. The Issuer does not represent that this document may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any distribution or offering. Accordingly, the Securities may not be offered or sold, directly or indirectly, and none of this document, any advertisement relating to the Securities and any other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes must inform themselves about, and observe, any such restrictions. Please refer to General Selling and Transfer Restrictions in Section II of this document, to Additional Information in Section IV of this document and to any relevant Country Addendum.

[SECURITY DESCRIPTION]

Issuer: Deutsche Bank AG [London]

[Number] [Nominal Amount] of [Certificates] [Call Warrants] [Put Warrants] [Notes]: [Up to] []

Underlying Asset: [Share / Index / Bond / Currency / Commodity / details of Basket]

[Initial Reference Price:] [Currency] [Amount]

Issue Price: [Currency] [Amount]

Issue Date: []

[Exercise Price:] [Currency] [Amount]

[Multiplier:] [1]

[Coupon/Interest Amount:] [] % [per annum] [balloon]

[Interest Payment Date:] [] and the] Maturity Date

[Exercise Date] [Exercise Period] [Maturity Date]: []

Settlement: [Cash] [Physical] [Cash or physical at the Issuer's option]

[Automatic Exercise:] [No] [Applicable]

[Settlement Date:] []

Settlement Currency: [Currency]

[Cash Settlement Amount] [Share Amount] [Redemption Cash Amount]: [] per Security

[Minimum [Return] [Delivery] Amount:] [Currency] [Amount] [Quantity]

[Minimum Exercise Amount:] [Quantity]

[Maximum Exercise Amount:] [Quantity]

Calculation Agent: The Issuer shall act as the Calculation Agent

Principal Agent: [Deutsche Bank AG [London]]

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SECTION I: PRODUCT INFORMATION

PRODUCT CONDITIONS

INFORMATION RELATING TO THE UNDERLYING ASSET

These Product Conditions relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions set out in Section II of this document. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.

PRODUCT CONDITIONS

1. Definitions

“**Agent**” means, subject as provided in General Condition 5, each of [•] as principal agent (the “**Principal Agent**”) and [•] and [•], each acting through its specified office and together, the “**Agents**”;

“**Business Day**” means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] [and] [Frankfurt an Main] and a day on which each Clearing Agent is open for business and (ii) [physical delivery method];

“**Clearing Agent**” means [each of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System and Clearstream Banking, société anonyme/Clearstream Banking AG], and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”, which term shall include any depositary holding the Global Security on behalf of the Clearing Agent(s));

“**Cut-off Date**” means [•];

“**Delivery Details**” means, where applicable, account details and/or name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered;

“**Delivery Notice**” has the meaning ascribed thereto in Product Condition 3.8;

“**Disruption Cash Settlement Price**” in respect of each Security shall be the fair market value of such Security on such day as shall be selected by the Issuer less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer acting in a reasonable manner;

“**Exchange**” means [•] or any successor to such exchange or quotation system provided however that if the Exchange ceases to list or otherwise include the Shares, the Issuer may at its discretion nominate another exchange or quotation system to be the Exchange and shall give notice thereof in accordance with General Condition 4;

“**Interest Amount**” means, in respect of each Interest Period and each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount × Interest Rate × Interest Rate Day Count Fraction ;

“**Interest Payment Date**” means [•] and the Maturity Date;

“**Interest Period**” means the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and

including) an Interest Payment Date to (but excluding) the next following Interest Payment Date;

“**Interest Rate**” means [•] per cent. per annum;

“**Interest Rate Day Count Fraction**” means [the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);] [the actual number of days in the Interest Period divided by 365;] [the actual number of days in the Interest Period divided by 360;] [the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 months each comprising 30 days (unless (A) the last day of the Interest Period is the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a month comprising 30 days or (B) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a month comprising 30 days)] [the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 months each comprising 30 days without regard to the date of the first day or last day of the Interest Period, unless in the case of an Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a month comprising 30 days)];

“**Issue Date**” means [•];

“**Issuer**” means Deutsche Bank AG [London];

“**Maturity Date**” means [•];

“**Nominal Amount**” means [Currency] [Amount];

“**Notice Period**” means [•] days;

“**Payment Day**” means any day which is (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation and London; and (ii) either (1) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of such currency (if other than the place of presentation) or (2) in relation to any sum payable in euro, a day that the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

“**Redemption Cash Amount**” means an amount determined by the Calculation Agent as follows:

$$(\text{Nominal Amount} \times [1])$$

The Redemption Cash Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards. Any reference herein to “principal” shall be deemed to include the Redemption Cash Amount;

“**Securities**” means [the] [up to] [quantity] reverse convertible notes relating to the Shares represented by the Global Security. References to a “**Security**” shall be to [•] in nominal amount of the Securities;

“**Securityholder Expenses**” means, in respect of a Security, all taxes, duties and/or expenses, including any applicable depository charges or transaction charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the delivery and/or transfer of the Share Amount in respect of such Security and/or (ii) any payment due on redemption or otherwise in respect of such Security;

“**Settlement Currency**” means [•];

“**Settlement Disruption Event**” means, in the opinion of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it decides at the relevant time for delivery of the relevant Share Amount;

“**Share**” means [•], subject to Product Condition 4;

“**Share Amount**” means • Shares, subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall be aggregated for the purposes of determining the aggregate Share Amounts in respect of such Securities. Provided that the aggregate Share Amounts in respect of the same Securityholder will be rounded down to the nearest whole Share. No fractions of a Share will be delivered and no cash adjustment will be made in respect of such rounding;

“**Share Company**” means [•].

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. Form

The Securities are issued in bearer form in the denomination of the Nominal Amount and will be represented by a global security (the “**Global Security**”). The Global Security has been deposited with the Clearing Agent(s).

No definitive Securities will be issued. The Securities are transferable in accordance with applicable law and any rules and procedures for the time being of any Clearing Agent through whose books any of the Securities are transferred. Where Product Condition 5 specifies that the governing law of the Securities is English law, each person (an “**Accountholder**”) (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount of the Securities standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of the Securities (and the terms “**Securityholder**” and “**holder of Securities**” and related expressions shall be construed accordingly) for all purposes other than with respect to the payment of principal and interest payable on the Securities, the right to which shall be vested, as against the Issuer and the Agents, solely in the bearer of the Global Security. Where Product Condition 5 specifies that the governing law of the Securities is German law, the terms “**Securityholder**” and “**holder of Securities**” in the Conditions will be construed to mean those persons recognised as the legal owners of the Securities

pursuant to German law and the term “**Accountholder**” shall in the Conditions mean each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular nominal amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount of the Securities standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error).

3. Interest, Payments and Redemption

3.1. Redemption at Maturity

Unless previously redeemed or purchased and cancelled and subject as provided in the Conditions, each Security will be redeemed by the Issuer, at the sole option of the Issuer, either, in respect of each Nominal Amount:

3.1.1. at the Redemption Cash Amount; or

3.1.2. by delivery of the Share Amount,

such redemption to occur, subject as provided below, on the Maturity Date.

The Issuer will give notice to the Securityholders in accordance with General Condition 4 not less than the Notice Period prior to the Maturity Date stating whether it will redeem the Securities in accordance with 3.1.1 or 3.1.2 above provided that if the Issuer fails to give such notice it shall be deemed to have elected to redeem the Securities in accordance with 3.1.1 above.

3.2. Interest Amount

Each Security bears interest from and including the Issue Date at the Interest Rate payable in arrear on each Interest Payment Date.

The amount of interest payable in respect of each Nominal Amount on each Interest Payment Date will amount to the Interest Amount for the Interest Period ending on (but excluding) such Interest Payment Date.

If interest is required to be calculated for a period ending other than on (but excluding) an Interest Payment Date, it will be calculated on the basis of the number of days from and including the most recent Interest Payment Date (or, if none, the Issue Date) to but excluding the relevant payment date and the Interest Rate Day Count Fraction.

3.3. Accrual of Interest

Each Security will cease to accrue interest from and including its due date for redemption unless payment of the amount and/or delivery of any Share Amount due on redemption is improperly withheld or refused or unless default is otherwise made in respect of the payment or delivery in which case interest shall continue to accrue from the date such amount or delivery of such Share Amount was due until such amount or delivery of such Share Amount is paid or delivered, as the case may be. For the avoidance of doubt, no interest on the Securities shall accrue beyond the Maturity Date in the event that delivery of any Share Amount is postponed due to the occurrence of a Settlement Disruption Event.

3.4. Method of payment

Subject as provided below, payments of principal and interest will be made by an Agent on behalf of the Issuer by credit or transfer to an account in the

principal financial centre of the Settlement Currency, as determined by the Issuer or, in the case of a payment in euro, to a euro account (or any other account to which euro may be credited or transferred), the account in each case to be specified by the payee. Payments to a Clearing Agent will be made in accordance with the rules of such Clearing Agent.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment and subject to the provisions of General Condition 6.

3.5. *Presentation*

Payments of principal and interest will be made in the manner provided in Product Condition 3.4 and otherwise in the manner specified in the Global Security against presentation or surrender, as the case may be, of the Global Security at the specified office of any Agent. A record of each payment made against presentation or surrender of the Global Security, distinguishing between any payment of principal and any payment of interest, will be made on the Global Security by the relevant Agent and such record shall be *prima facie* evidence that the payment in question has been made.

The bearer of a Security shall be the only person entitled to receive payments of principal and/or interest and the Issuer will be discharged by payment to, or to the order of, the bearer of the Global Security in respect of the amount so paid. Each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities must look solely to the relevant Clearing Agent for his share of each such payment so made by the Issuer to, or to the order of, the bearer of the Global Security.

3.6. *Payment Day*

If the date for payment of any amount in respect of the Securities is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

3.7. *General*

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Interest Amount, Share Amount, Redemption Cash Amount or Disruption Cash Settlement Price.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

3.8. *Delivery Notice*

If the Securities are to be redeemed by delivery of the Share Amount as described in Product Condition 3.1.2, in order to obtain delivery of the Share Amount in respect of a Security the relevant Accountholder must deliver to the relevant Clearing Agent, with a copy to the Principal Agent, not later than the close of business in each place of reception on the Cut-off Date, a duly completed Delivery Notice (a "**Delivery Notice**").

The form of the Delivery Notice may be obtained during normal business hours from the specified office of each Agent.

A Delivery Notice shall:

- (1) specify the nominal amount of the Securities which is the subject of such notice;
- (2) specify the number of the account with the Clearing Agent to be debited with such Securities;
- (3) irrevocably instruct and authorise the Clearing Agent to debit on the Maturity Date such account with such Securities;
- (4) specify the number of the account at the Clearing Agent to be credited with any Disruption Cash Settlement Price and any dividends payable pursuant to Product Condition 3.17;
- (5) include an undertaking to pay all Securityholder Expenses and an authority to the Clearing Agent to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
- (6) include the Delivery Details;
- (7) authorise the production of such notice in any applicable administrative or legal proceedings.

3.9. *Late delivery of Delivery Notice*

If the Delivery Notice is delivered to the relevant Clearing Agent or the copy is delivered to the Principal Agent after the close of business in the place of receipt on the Cut-off Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being for the purposes of the Conditions the '**Delivery Date**') in the manner provided below. For the avoidance of doubt, no holder of Securities or any other person shall be entitled to any payment, whether of interest or otherwise, in the event of the Delivery Date for such Securities occurring after the Maturity Date due to such Delivery Notice (or the copy thereof) being delivered after close of business on the Cut-off Date as provided above.

In the event that a Securityholder does not, in respect of a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Delivery Notice as set out above, prior to the day that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount in respect of such Security on the open market or otherwise at a price determined by the Issuer, in its sole discretion, to be the fair market value of the Shares, and shall hold the proceeds (the '**Realised Share Amount**') for the account of the relevant Securityholder, until presentation of the relevant Delivery Notice. Upon payment of the Realised Share Amount as aforesaid, the Issuer's obligations in respect of such Security shall be discharged.

3.10. *Verification*

In respect of each Delivery Notice, the relevant Accountholder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

3.11. *Delivery of the Share Amount*

Subject as provided in the Conditions, the delivery of the Share Amount shall be made at the risk of the relevant Securityholder and shall be delivered and evidenced in such manner as the Issuer determines to be customary for the Shares or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of any Securityholder or any other person as the registered shareholder in respect of the Shares comprised in any Share Amount in the register of members of the Share Company.

3.12. *Determinations*

Failure properly to complete and deliver a Delivery Notice may result in such notice being treated as null and void. Any determination as to whether any such notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Securityholder. Subject as set out below, any Delivery Notice so determined to be incomplete or not in proper form, or, where applicable, which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Delivery Notice is subsequently corrected to the satisfaction of the Principal Agent it shall be deemed to be a new Delivery Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

The Principal Agent shall use its best efforts promptly to notify the Securityholder if it has determined that a Delivery Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

3.13. *Delivery of a Delivery Notice*

No Delivery Notice may be withdrawn after receipt thereof by a Clearing Agent or the Principal Agent, as the case may be, as provided above. After the delivery of a Delivery Notice, the Securities which are the subject of such notice may not be transferred.

3.14. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and (1) where any Redemption Cash Amount in respect of a Security is payable no payment shall be made until all Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer or (2) where any delivery and/or transfer of any Share Amount in respect of a Security is to be made it shall not be made until all Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer.

3.15. *Settlement Disruption*

If, prior to the delivery in accordance with this Condition of the Share Amount in respect of any Security, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Delivery Date for such

Security shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of any Share Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election is given to the Securityholders in accordance with General Condition 4. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4. The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 that a Settlement Disruption Event has occurred.

No Securityholder or any other person shall be entitled to any payment (including but not limited to interest) in respect of a Security in the event of any delay in the delivery of any Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

3.16. Intervening Period

If redemption of a Security is to be by delivery of the Share Amount, for such period of time after the Maturity Date as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the “**Intervening Period**”), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Securityholder or any subsequent beneficial owner of such Shares or any other person any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the relevant Securityholder or any subsequent beneficial owner of such Shares or any other person in respect of any loss or damage which the relevant Securityholder or subsequent beneficial owner or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.

3.17. Dividends

Any dividend in respect of any Share Amount to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Maturity Date and to be delivered in the same manner as such Share Amount. Any such dividend to be paid to a Securityholder shall be paid to the account specified in the relevant Delivery Notice.

3.18. Redemption Risk

Redemption of the Securities (whether by way of payment of the Redemption Cash Amount or the delivery of the Share Amount) is subject to all applicable laws, regulations and practices in force on the Maturity Date or Delivery Date, as the case may be, and neither the Issuer nor any Agent shall incur any

liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. Adjustment Provisions

4.1. Potential Adjustment Events

Following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

“**Potential Adjustment Event**” means any of the following:

- 4.1.1. a subdivision, consolidation or reclassification of the Shares (unless a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- 4.1.2. a distribution or dividend to existing holders of the Shares of (1) such Shares or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares or (3) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- 4.1.3. an extraordinary dividend;
- 4.1.4. a call by the Share Company in respect of Shares that are not fully paid;
- 4.1.5. a repurchase by the Share Company of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- 4.1.6. any other similar event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the Shares.

4.2. De-Listing, Merger Event, Nationalisation and Insolvency

If a Merger Event, De-Listing, Nationalisation or Insolvency occurs in relation to a Share, the Issuer may take any action described in 4.2.1, 4.2.2 or 4.2.3 below:

- 4.2.1. require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, De-Listing, Nationalisation or Insolvency made by an options exchange to options on the Shares traded on that options exchange; or
- 4.2.2. cancel the Securities by giving notice to Securityholders in accordance with General Condition 4. If the Securities are so cancelled the Issuer will pay an amount to each Securityholder in respect of each Security held by such Securityholder which amount shall be the fair market value of a Security taking into account the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4; or
- 4.2.3. following any adjustment to the settlement terms of options on the Shares on such exchange(s) or quotation system(s) as the Calculation Agent in its sole discretion shall select (the “**Options Exchange**”), require the Calculation Agent to make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange, to account for the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

Upon the occurrence of a Merger Event, De-Listing, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 stating the occurrence of the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Securityholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Securityholders.

“**De-Listing**” means the Shares cease, for any reason, to be listed on the Exchange and as of the date of such de-listing are not listed on another recognised stock exchange or quotation system acceptable to the Issuer.

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting the Share

Company (A) all the Shares are required to be transferred to a trustee, liquidator or other similar official; or (B) holders of the Shares become legally prohibited from transferring them.

“Merger Date” means, in respect of a Merger Event, the date upon which all holders of the Shares (other than, in the case of a takeover offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

“Merger Event” means any (i) reclassification or change of the Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares outstanding, (ii) consolidation, amalgamation or merger of the Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change of all such Shares outstanding); or (iii) other takeover offer for such Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Maturity Date.

“Nationalisation” means that all the Shares or all the assets or substantially all the assets of the Share Company (other than such Shares owned or controlled by a governmental agency, authority or entity) are nationalised, expropriated or are otherwise required to be transferred to any such governmental agency, authority or entity.

5. Governing Law

The Securities are governed by and shall be construed in accordance with [English] [German] law.

INFORMATION RELATING TO THE UNDERLYING ASSET

[Subject to completion at the time of issue of the Securities]

SECTION I: PRODUCT INFORMATION

PRODUCT CONDITIONS

INFORMATION RELATING TO THE UNDERLYING ASSET

These Product Conditions relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions set out in Section II of this document. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.

PRODUCT CONDITIONS

1. Definitions

“**Agent**” means, subject as provided in General Condition 5, each of [•] as principal agent (the “**Principal Agent**”) and [•] and [•], each acting through its specified office and together, the “**Agents**”;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] [and] [Frankfurt am Main] and a day on which each Clearing Agent is open for business;

“**Clearing Agent**” means [each of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System and Clearstream Banking, société anonyme/Clearstream Banking AG], and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”, which term shall include any depositary holding the Global Security on behalf of the Clearing Agent(s));

“**Exchange**” means [•] or any successor to such exchange or quotation system;

[“**Exchange Rate**” means the rate of exchange prevailing at approximately [1.00 p.m. Central European Time] on the Business Day immediately following the Valuation Date between [•] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [•] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time];

“**Final Reference Price**” means, subject to any adjustment pursuant to Product Condition 4, an amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to the [official closing] level of the Index on the Valuation Date as determined by the Calculation Agent without regard to any subsequently published correction;

“**Index**” means [•], subject to Product Condition 4;

“**Index Sponsor**” means [•] and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“**Initial Reference Price**” means, subject to adjustment pursuant to Product Condition 4, [•];

“**Issuer**” means Deutsche Bank AG [London];

“**Market Disruption Event**” means each event specified to be a Market Disruption Event in Product Condition 4;

“**Maturity Date**” means the fifth Business Day following the Valuation Date;

“**Nominal Amount**” means [Currency] [Amount];

"Payment Day" means any day which is (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation and London; and (ii) either (1) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of such currency (if other than the place of presentation) or (2) in relation to any sum payable in euro, a day that the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"Redemption Cash Amount" means an amount determined by the Calculation Agent as follows:

$$\text{Nominal Amount} \times \left(\frac{\text{Final Reference Price}}{\text{Initial Reference Price}} \right)$$

provided that the Redemption Cash Amount shall not be less than the Nominal Amount. [The above amount determined pursuant to the foregoing shall be converted into the Settlement Currency at the Exchange Rate.] The Redemption Cash Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards;

"Securities" means [the] [up to] [quantity] principal protected notes relating to the Index represented by the Global Security. References to a **"Security"** shall be to [•] in nominal amount of the Securities;

"Securityholder Expenses" means, in respect of a Security, all taxes, duties and/or expenses, including any applicable depository charges or transaction charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with any payment due on redemption or otherwise in respect of such Security;

"Settlement Currency" means [Currency];

"Trading Day" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange other than a day on which trading on such Exchange is scheduled to close prior to its regular weekday closing time;

"Valuation Date" means [•] or if such day is not a Trading Day the first Trading Day thereafter unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on that day. If there is a Market Disruption Event on that day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event unless there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (1) the fifth Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (2) the Calculation Agent, acting in good faith, shall determine the Final Reference Price by determining the level of the Index having regard to the then prevailing market conditions, the last reported trading price of each security included in the Index and such other factors as the Calculation Agent considers relevant.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. Form

The Securities are issued in bearer form in the denomination of the Nominal Amount and will be represented by a global security (the **'Global Security'**). The Global Security has been deposited with the Clearing Agent(s). No definitive Securities will be issued. The Securities are transferable in accordance with applicable law and any rules and procedures for the time being of any Clearing Agent through whose books any of the Securities are transferred. Where Product Condition 5 specifies that the governing law of the Securities is English law, each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular nominal amount of the securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount of the securities standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of the Securities (and the terms **'Securityholder'** and **'holder of Securities'** and related expressions shall be construed accordingly) for all purposes other than with respect to the payment of the Redemption Cash Amount, the right to which shall be vested, as against the Issuer and the Agents, solely in the bearer of the Global Security. Where Product Condition 5 specifies that the governing law of the Securities is German law, the terms **'Securityholder'** and **'holder of Securities'** in the Conditions will be construed to mean those persons recognised as the legal owners of the Securities pursuant to German law.

3. Payments and Redemption

3.1. *Redemption at Maturity*

Unless previously redeemed or purchased and cancelled and subject as provided in the Conditions, each Security will be redeemed by the Issuer, in respect of each Nominal Amount, at the Redemption Cash Amount, such redemption to occur on the Maturity Date.

3.2. *Interest*

The Securities bear no interest and no payment shall be made in respect of any interest.

3.3. *Method of payment*

Subject as provided below, payments of the Redemption Cash Amount will be made by an Agent on behalf of the Issuer by credit or transfer to an account in the principal financial centre of the Settlement Currency, as determined by the Issuer or, in the case of a payment in euro, to a euro account (or any other account to which euro may be credited or transferred), the account in each case to be specified by the payee. Payments to a Clearing Agent will be made in accordance with the rules of such Clearing Agent.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment and subject to the provisions of General Condition 6.

3.4. *Presentation*

Payments of the Redemption Cash Amount will be made in the manner provided in Product Condition 3.3 and otherwise in the manner specified in the Global Security against presentation or surrender, as the case may be, of the Global Security at the specified office of any Agent. A record of each

payment made against presentation or surrender of such Global Security will be made on the Global Security by the relevant Agent and such record shall be *prima facie* evidence that the payment in question has been made.

The bearer of a Security shall be the only person entitled to receive payments of the Redemption Cash Amount and the Issuer will be discharged by payment to, or to the order of, the bearer of the Global Security in respect of the amount so paid. Each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities must look solely to the relevant Clearing Agent for his share of each such payment so made by the Issuer to, or to the order of, the bearer of the Global Security.

3.5. *Payment Day*

If the date for payment of any amount in respect of the Securities is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to any interest or other payment in respect of such delay.

3.6. *General*

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Redemption Cash Amount.

3.7. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and no payment of the Redemption Cash Amount in respect of a Security shall be made until all Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer.

3.8. *Redemption Risk*

Redemption of the Securities is subject to all applicable laws, regulations and practices in force on the Maturity Date and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. **Adjustment Provisions**

4.1. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 if a Market Disruption Event has occurred.

“Market Disruption Event” shall mean:

- 4.1.1. the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Exchange or otherwise):

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- 4.1.1.1.on the Exchange as a whole; or
 - 4.1.1.2.on any exchange on which options contracts or futures contracts on the Index are traded, of options contracts or futures contracts on or relating to the Index; or
 - 4.1.1.3.on any exchange on which any security included in the Index is listed, of any security included in the Index,
if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- 4.1.2. a general moratorium is declared in respect of banking activities in the country in which the Exchange is located.

For the purpose of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

4.2. Adjustments to the Index

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 of any determination made by it pursuant to paragraph 4.2.1 or 4.2.2 below.

4.2.1. If the Index is:

- 4.2.1.1.not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or
- 4.2.1.2.replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

4.2.2. If:

- 4.2.2.1.on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or
- 4.2.2.2.on the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, fails to calculate and publish the Index,

then the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date,

the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange).

4.2.3. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Securityholder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Securityholders copies of any such determinations.

5. Governing Law

The Securities are governed by and shall be construed in accordance with [English] [German] law.

SECTION I: PRODUCT INFORMATION

PRODUCT CONDITIONS

INFORMATION RELATING TO THE UNDERLYING ASSET

These Product Conditions relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions set out in Section II of this document. The Product Conditions and the General Conditions together are the Conditions of the Securities and will be attached to the Global Security representing the Securities.

PRODUCT CONDITIONS

1. Definitions

“Agent” means, subject as provided in General Condition 5, each of [•] as principal agent (the **“Principal Agent”**) and [•] and [•], each acting through its specified office and together, the **“Agents”**;

“Business Day” means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] [and] [Frankfurt am Main] and a day on which each Clearing Agent is open for business and (ii) [physical delivery method];

“Cash Settlement” has the meaning ascribed thereto in Product Condition 3.2;

“Cash Settlement Amount” means an amount determined by the Calculation Agent as follows:

$$\text{Settlement Price} - \text{Exercise Price};$$

provided that the Cash Settlement Amount shall not be less than zero. [The above amount determined pursuant to the foregoing shall be converted into the Settlement Currency at the Exchange Rate.] The Cash Settlement Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards;

“Clearing Agent” means [each of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System and Clearstream Banking, société anonyme/Clearstream Banking AG], and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with General Condition 4 (each a **“Clearing Agent”** and together the **“Clearing Agents”**, which term shall include any depositary holding the Global Security on behalf of the Clearing Agent(s));

“Delivery Details” means, where applicable, account details and/or name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered;

“Disruption Cash Settlement Price”, in respect of each Security, shall be the fair market value of such Security on such day as shall be selected by the Issuer less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer acting in a reasonable manner;

“Exchange” means [•] or any successor to such exchange or quotation system provided however that if the Exchange ceases to list or otherwise include the Shares, the Issuer may at its discretion nominate another exchange or quotation system to be the Exchange and shall give notice thereof in accordance with General Condition 4;

[**“Exchange Rate”** means the rate of exchange prevailing at approximately [1.00 p.m. Central European Time] on the Business Day immediately following the Valuation

Date between [•] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [•] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time];

“Exercise Date” means [•];

“Exercise Notice” means the notice described in Product Condition 3.4;

“Exercise Price” means [•], subject to adjustment in accordance with Product Condition 4;

“Global Security” has the meaning ascribed thereto in Product Condition 2;

“Issuer” means Deutsche Bank AG [London];

“Market Disruption Event” means each event specified to be a Market Disruption Event in Product Condition 4;

“Notice Period” means [•] days;

“Securities” means [the] [up to] [quantity] call warrants relating to the Shares represented by the Global Security and each a **“Security”**;

“Securityholder Expenses” means, in respect of a Security, all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment and/or delivery due following exercise or otherwise in respect of such Security;

“Settlement Currency” means [•];

“Settlement Date” means (i) where the Securities are to be settled by Cash Settlement, [•] and (ii) where the Securities are to be settled by Share Settlement, [•];

“Settlement Disruption Event” means, in the opinion of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it decides at the relevant time for delivery of the relevant Share Amount;

“Settlement Price” means, subject to any adjustment pursuant to Product Condition 4, an amount equal to the [official closing] [last traded] price of a Share quoted on the Exchange on the Valuation Date as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate for the price of a Share on such date having regard to the then prevailing market conditions, the last reported traded price on the Exchange and such other factors as the Calculation Agent may consider relevant;

“Share” means [•], subject to Product Condition 4;

“Share Amount” means • Shares, subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall be aggregated for purposes of determining the aggregate Share Amounts in respect of such Securities. Provided that the aggregate Share Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Share. No fractions of a Share will be delivered and no cash adjustment will be made in respect of such rounding;

“**Share Company**” means [•];

“**Share Settlement**” has the meaning ascribed thereto in Product Condition 3.2;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange other than a day on which trading on such Exchange is scheduled to close prior to its regular weekday closing time;

“**Valuation Date**” means [the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter] [the first Trading Day following the Exercise Date] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on that day. If there is a Market Disruption Event on that day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent, acting in good faith, shall, in the case of a Security to be settled by Cash Settlement, determine the Settlement Price having regard to the then prevailing market conditions, the last reported trading price on the Exchange and such other factors as the Calculation Agent considers relevant.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. Form

The Securities are represented by a global security (the “**Global Security**”) which will, if deposited with a Clearing Agent in Germany, be in bearer form for the purposes of German law.

The Global Security has been deposited with the Clearing Agent(s). No definitive Securities will be issued. The Securities are transferable in accordance with applicable law and any rules and procedures for the time being of any Clearing Agent through whose books any of the Securities are transferred. Where Product Condition 5 specifies that the governing law of the Securities is English law, each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the holder of a particular amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the amount of Securities standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such amount of the Securities (and the terms “**Securityholder**” and “**holder of Securities**” and related expressions shall be construed accordingly) for all purposes. Where Product Condition 5 specifies that the governing law of the Securities is German law, the terms “**Securityholders**” and “**holders of Securities**” in the Conditions will be construed to mean those persons recognised as the legal owners of the Securities pursuant to German law.

3. Exercise Rights and Exercise Procedure

3.1. Exercise

The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3.4. at or prior to 10.00 a.m. Central European Time on the Exercise Date shall be void.

3.2. *Settlement*

Each Security upon due exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, at the sole option of the Issuer, either (i) on the Settlement Date, the Share Amount subject to payment of the Exercise Price and any Securityholder Expenses on or prior to the Settlement Date ("**Share Settlement**") or (ii) on the Settlement Date, the Cash Settlement Amount less any Securityholder Expenses ("**Cash Settlement**").

In respect of any duly exercised Securities, the Issuer will give notice to the Securityholders in accordance with General Condition 4 (such notice to be given within not less than the Notice Period) whether such Securities will be settled by Share Settlement or Cash Settlement, provided that if the Issuer fails to give such notice to the relevant Securityholder it shall be deemed to have elected Share Settlement.

3.3. *General*

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Share Amount, Cash Settlement Amount or Disruption Cash Settlement Price.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

3.4. *Exercise Notice*

Securities may only be exercised by the delivery of a duly completed Exercise Notice to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

- 3.4.1. specify the number of Securities being exercised;
- 3.4.2. specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- 3.4.3. irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
- 3.4.4. in the case of Share Settlement, irrevocably instruct the Clearing Agent to debit on the Exercise Date a specified account with the Clearing Agent with the aggregate amount of the Exercise Prices in respect of such Securities (together with any other amounts payable);
- 3.4.5. specify the number of the account with the Clearing Agent to be credited with any Cash Settlement Amount and any Disruption Cash Settlement Amount and any dividends payable pursuant to Product Condition 3.12;
- 3.4.6. include an undertaking to pay all Securityholder Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Settlement Amount due to such Securityholder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;

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- 3.4.7. include the Delivery Details;
- 3.4.8. certify that neither the person exercising the Security nor any person on whose behalf the Security is being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (i) an individual who is a resident or a citizen of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (vii) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act;
- 3.4.9. authorise the production of such notice in any applicable administrative or legal proceedings.

3.5. *Verification*

In respect of each Exercise Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

3.6. *Settlement*

- 3.6.1. Where the Issuer has elected to effect Cash Settlement, the Issuer shall pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice for value on the Settlement Date less any Securityholder Expenses.
- 3.6.2. Where the Issuer has elected to effect Share Settlement, subject as provided in the Conditions and to payment to it of the Exercise Price and any applicable Securityholder Expenses, the Issuer shall deliver or cause delivery of the Share Amount for such duly exercised Security on the Settlement Date, such delivery to be made at the risk of the relevant Securityholder. The Share Amount shall be delivered and evidenced in such manner as the Issuer determines to be customary for the Shares or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of any Securityholder or any other person as the

registered shareholder in respect of the Shares comprised in any Share Amount in the register of members of the Share Company.

3.7. *Determinations*

Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Securityholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3.1 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

3.8. *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Securityholder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice the Securities which are the subject of such notice may not be transferred.

3.9. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and (1) where any Cash Settlement Amount in respect of a Security is payable no payment shall be made until all Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer or (2) where any delivery and/or transfer of any Share Amount in respect of a Security is to be made it shall not be made until all Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer.

3.10. *Settlement Disruption.*

If the Issuer has elected Share Settlement in respect of a Security and prior to delivery of the Share Amount in respect thereof, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Settlement Date for such Security shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of any Share Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment of the Disruption Cash Settlement Price not later than on the third Business Day following the date that notice of such election is given to the Securityholders in accordance with General Condition 4. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4. The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 that a Settlement Disruption Event has occurred.

No Securityholder or any other person shall be entitled to any payment in respect of a Security in the event of any delay in the delivery of any Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

3.11. *Intervening Period*

With respect to Share Settlement, for such period of time after the Exercise Date as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the “**Intervening Period**”), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Securityholder or any subsequent beneficial owner of such Shares or any other person any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the relevant Securityholder or any subsequent beneficial owner of such Shares or any other person in respect of any loss or damage which the relevant Securityholder or subsequent beneficial owner or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.

3.12. *Dividends*

Any dividend in respect of any Share Amount to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Exercise Date and to be delivered in the same manner as such Share Amount. Any such dividend to be paid to a Securityholder shall be paid to the account specified in the relevant Exercise Notice.

3.13. *Exercise and Settlement Risk*

Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force on the Exercise Date or Settlement Date, as the case may be, and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. Adjustment Provisions

4.1. Market Disruption

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 if a Market Disruption Event has occurred.

“**Market Disruption Event**” shall mean:

4.1.1. the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise):

4.1.1.1. the Share on the Exchange or any other exchange on which the Shares are listed; or

4.1.1.2. any options contracts or future contracts relating to the Share on any exchange on which options contracts or future contracts on the Share are traded,

if, in the determination of the Calculation Agent, such suspension or limitation is material; or

4.1.2. a general moratorium is declared in respect of banking activities in the country in which the Exchange is located.

For the purpose of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

4.2. Potential Adjustment Events

Following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

“Potential Adjustment Event” means any of the following:

- 4.2.1. a subdivision, consolidation or reclassification of the Shares (unless a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- 4.2.2. a distribution or dividend to existing holders of the Shares of (1) such Shares or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares or (3) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- 4.2.3. an extraordinary dividend;
- 4.2.4. a call by the Share Company in respect of Shares that are not fully paid;
- 4.2.5. a repurchase by the Share Company of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- 4.2.6. any other similar event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the Shares.

4.3. *De-Listing, Merger Event, Nationalisation and Insolvency*

If a Merger Event, De-Listing, Nationalisation or Insolvency occurs in relation to a Share, the Issuer may take any action described in 4.3.1, 4.3.2 or 4.3.3 below:

- 4.3.1. require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, De-Listing, Nationalisation or Insolvency made by an options exchange to options on the Shares traded on that options exchange; or
- 4.3.2. cancel the Securities by giving notice to Securityholders in accordance with General Condition 4. If the Securities are so cancelled the Issuer will pay an amount to each Securityholder in respect of each Security held by such Securityholder which amount shall be the fair market value of a Security taking into account the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4; or
- 4.3.3. following any adjustment to the settlement terms of options on the Shares on such exchange(s) or quotation system(s) as the Calculation Agent in its sole discretion shall select (the **“Options Exchange”**),

require the Calculation Agent to make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange, to account for the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

Upon the occurrence of a Merger Event, De-Listing, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 stating the occurrence of the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Securityholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Securityholders.

“De-Listing” means the Shares cease, for any reason, to be listed on the Exchange and as of the date of such de-listing are not listed on another recognised stock exchange or quotation system acceptable to the Issuer.

“Insolvency” means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting the Share Company (A) all the Shares are required to be transferred to a trustee, liquidator or other similar official; or (B) holders of the Shares become legally prohibited from transferring them.

“Merger Date” means, in respect of a Merger Event, the date upon which all holders of the Shares (other than, in the case of a takeover offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

“Merger Event” means any (i) reclassification or change of the Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares outstanding, (ii) consolidation, amalgamation or merger of the Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change of all such Shares outstanding) or (iii) other takeover offer for such Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Exercise Date in the case of Share Settlement and, in the case of Cash Settlement, the Valuation Date.

“Nationalisation” means that all the Shares or all the assets or substantially all the assets of the Share Company (other than such Shares owned or controlled by a governmental agency, authority or entity) are nationalised, expropriated or are otherwise required to be transferred to any such governmental agency, authority or entity.

5. Governing Law

The Securities are governed by and shall be construed in accordance with [English]
[German] law.

INFORMATION RELATING TO THE UNDERLYING ASSET

[Subject to completion at the time of issue of the Securities]

SECTION I: PRODUCT INFORMATION

PRODUCT CONDITIONS

INFORMATION RELATING TO THE UNDERLYING ASSET

These Product Conditions relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions set out in Section II of this document. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.

PRODUCT CONDITIONS

1. Definitions

“**Agent**” means, subject as provided in General Condition 5, each of [•] as principal agent (the “**Principal Agent**”) and [•] and [•], each acting through its specified office and together, the “**Agents**”;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] [and] [Frankfurt am Main] and a day on which each Clearing Agent is open for business;

“**Cash Settlement Amount**” means an amount determined by the Calculation Agent as follows:

$$(\text{Settlement Price} - \text{Exercise Price}) \times \text{Multiplier}$$

provided that the Cash Settlement Amount shall not be less than zero. [The above amount determined pursuant to the foregoing shall be converted into the Settlement Currency at the Exchange Rate.] The Cash Settlement Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards;

“**Clearing Agent**” means [each of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System and Clearstream Banking, société anonyme/Clearstream Banking AG], and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”, which term shall include any depositary holding the Global Security on behalf of the Clearing Agent(s));

“**Exchange**” means [•] or any successor to such exchange or quotation system;

[“**Exchange Rate**” means the rate of exchange prevailing at approximately [1.00 p.m. Central European Time] on the Business Day immediately following the Valuation Date between [•] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [•] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time];

“**Exercise Date**” means [•];

“**Exercise Notice**” means the noticed described in Product Condition 3.4;

“**Exercise Price**” means, subject to any adjustment pursuant to Product Condition 4, [•];

“**Global Security**” has the meaning ascribed thereto in Product Condition 2;

“**Index**” means [•], subject to Product Condition 4;

“**Index Sponsor**” means [] and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“**Issuer**” means Deutsche Bank AG [London];

“**Market Disruption Event**” means each event specified to be a Market Disruption Event in Product Condition 4;

“**Multiplier**” means [•];

“**Securities**” means [the] [up to] [quantity] cash settled call warrants relating to the Index represented by the Global Security and each a “**Security**”;

“**Securityholder Expenses**” means, in respect of a Security, all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

“**Settlement Currency**” means [Currency];

“**Settlement Date**” means the fifth Business Day following the Valuation Date;

“**Settlement Price**” means, subject to any adjustment pursuant to Product Condition 4, an amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to the [official closing] level of the Index on the Valuation Date as determined by the Calculation Agent without regard to any subsequently published correction;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange other than a day on which trading on such Exchange is scheduled to close prior to its regular weekday closing time;

“**Valuation Date**” means [the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter] [the first Trading Day following the Exercise Date] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on that day. If there is a Market Disruption Event on that day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent, acting in good faith, shall determine the Settlement Price by determining the level of the Index having regard to the then prevailing market conditions, the last reported trading price of each Security included in the Index and such other factors as the Calculation Agent considers relevant.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. Form

The Securities are represented by a global security (the “**Global Security**”) which will, if deposited with a Clearing Agent in Germany, be in bearer form for the purposes of German law.

The Global Security has been deposited with the Clearing Agent(s). No definitive Securities will be issued. The Securities are transferable in accordance with

applicable law and any rules and procedures for the time being of any Clearing Agent through whose books any of the Securities are transferred. Where Product Condition 5 specifies that the governing law of the Securities is English law, each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the holder of a particular amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the amount of Securities standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such amount of the Securities (and the terms “**Securityholder**” and “**holder of Securities**” and related expressions shall be construed accordingly) for all purposes. Where Product Condition 5 specifies that the governing law of the Securities is German law, the terms “**Securityholders**” and “**holders of Securities**” in the Conditions will be construed to mean those persons recognised as the legal owners of the Securities pursuant to German law.

3. Exercise Rights and Exercise Procedure

3.1. Exercise

The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3.4 at or prior to 10.00 a.m. Central European Time on the Exercise Date shall be void.

3.2. Cash Settlement

Each Security upon due exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount less any Securityholder Expenses.

3.3. General

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount.

3.4. Exercise Notice

Securities may only be exercised by the delivery of a duly completed Exercise Notice to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

- 3.4.1. specify the number of Securities being exercised;
- 3.4.2. specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- 3.4.3. irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
- 3.4.4. specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount (if any) for such Securities;
- 3.4.5. include an undertaking to pay all Securityholder Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof

from any Cash Settlement Amount due to such Securityholder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;

3.4.6. certify that neither the person exercising the Security nor any person on whose behalf the Security is being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (i) an individual who is a resident or a citizen of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (vii) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act;

3.4.7. authorise the production of such notice in any applicable administrative or legal proceedings.

3.5. *Verification*

In respect of each Exercise Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

3.6. *Settlement*

The Issuer shall pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice for value on the Settlement Date less any Securityholder Expenses.

3.7. *Determinations*

Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Securityholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3.1 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

3.8. *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Securityholder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice, the Securities which are the subject of such notice may not be transferred.

3.9. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and no payment of any Cash Settlement Amount in respect of a Security shall be made until all Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer.

3.10. *Exercise and Settlement Risk*

Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force on the Exercise Date or Settlement Date, as the case may be, and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. *Adjustment Provisions*

4.1. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 if a Market Disruption Event has occurred.

“Market Disruption Event” shall mean:

- 4.1.1. the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Exchange or otherwise):

-
- 4.1.1.1.on the Exchange as a whole; or
 - 4.1.1.2.on any exchange on which options contracts or futures contracts on the Index are traded, of option contracts or futures contracts on or relating to the Index; or
 - 4.1.1.3.on any exchange on which any security included in the Index is listed, of any security included in the Index,

if, in the determination of the Calculation Agent, such suspension or limitation is material; or

- 4.1.2. a general moratorium is declared in respect of banking activities in the country in which the Exchange is located.

For the purpose of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

4.2. *Adjustments to the Index*

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 of any determination made by it pursuant to paragraph 4.2.1 or 4.2.2 below.

4.2.1. If the Index is:

- 4.2.1.1.not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or
- 4.2.1.2.replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

4.2.2. If:

- 4.2.2.1.on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or
- 4.2.2.2.on the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, fails to calculate and publish the Index,

then the Calculation Agent shall determine the Settlement Price using, in lieu of a published level for the Index on the Valuation Date,

the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange).

4.2.3 The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Securityholder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Securityholders copies of any such determinations.

5. Governing Law

The Securities are governed by and shall be construed in accordance with [English] [German] law.

SECTION I: PRODUCT INFORMATION

PRODUCT CONDITIONS

INFORMATION RELATING TO THE UNDERLYING ASSET

These Product Conditions relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions set out in Section II of this document. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.

PRODUCT CONDITIONS

1. Definitions

“**Agent**” means, subject as provided in General Condition 5, each of [•] as principal agent (the “**Principal Agent**”) and [•] and [•], each acting through its specified office and together, the “**Agents**”;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] [and] [Frankfurt am Main] and a day on which each Clearing Agent is open for business;

“**Cash Settlement Amount**” means an amount determined by the Calculation Agent as follows:

$$[\text{Amount}] \times \left(\frac{\text{Final Reference Price}}{\text{Initial Reference Price}} \right)$$

provided that the Cash Settlement Amount shall not be less than [zero] [the Minimum Return Amount]. [The above amount determined pursuant to the foregoing shall be converted into the Settlement Currency at the Exchange Rate.] The Cash Settlement Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards;

“**Clearing Agent**” means [each of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System and Clearstream Banking, société anonyme/Clearstream Banking AG], and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”, which term shall include any depositary holding the Global Security on behalf of the Clearing Agent(s));

“**Exchange**” means [•] or any successor to such exchange or quotation system;

[“**Exchange Rate**” means the rate of exchange prevailing at approximately [1.00 p.m. Central European Time] on the Business Day immediately following the Valuation Date between [•] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [•] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time];

“**Exercise Date**” means [•];

“**Exercise Notice**” means the notice described in Product Condition 3.4;

“**Final Reference Price**” means, subject to any adjustment pursuant to Product Condition 4, an amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to the [official closing] level of the Index on the Valuation

Date as determined by the Calculation Agent without regard to any subsequently published correction;

“**Global Security**” has the meaning ascribed thereto in Product Condition 2;

“**Index**” means [•], subject to Product Condition 4;

“**Index Sponsor**” means [•] and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“**Initial Reference Price**” means, subject to any adjustment pursuant to Product Condition 4, [•];

“**Issuer**” means Deutsche Bank AG [London];

“**Market Disruption Event**” means each event specified to be a Market Disruption Event in Product Condition 4;

[“**Minimum Return Amount**” means [•];]

“**Securities**” means [the] [up to] [quantity] cash settled certificates relating to the Index represented by the Global Security and each a “**Security**”;

“**Securityholder Expenses**” means, in respect of a Security, all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

“**Settlement Currency**” means [Currency];

“**Settlement Date**” means the fifth Business Day following the Valuation Date;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange other than a day on which trading on such Exchange is scheduled to close prior to its regular weekday closing time;

“**Valuation Date**” means [the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter] [the first Trading Day following the Exercise Date] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on that day. If there is a Market Disruption Event on that day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent, acting in good faith, shall determine the Final Reference Price by determining the level of the Index having regard to the then prevailing market conditions, the last reported trading price of each security included in the Index and such other factors as the Calculation Agent considers relevant.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. Form

The Securities are represented by a global security (the ‘**Global Security**’) which will, if deposited with a Clearing Agent in Germany, be in bearer form for the purposes of German law.

The Global Security has been deposited with the Clearing Agent(s). No definitive Securities will be issued. The Securities are transferable in accordance with applicable law and any rules and procedures for the time being of any Clearing Agent through whose books any of the Securities are transferred. Where Product Condition 5 specifies that the governing law of the Securities is English law, each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the holder of a particular amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the amount of Securities standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such amount of the Securities (and the terms “**Securityholder**” and “**holder of Securities**” and related expressions shall be construed accordingly) for all purposes. Where Product Condition 5 specifies that the governing law of the Securities is German law, the terms “**Securityholders**” and “**holders of Securities**” in the Conditions will be construed to mean those persons recognised as the legal owner of the Securities pursuant to German law.

3. Exercise Rights and Exercise Procedure

3.1. Exercise

The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3.4 at or prior to 10.00 a.m. Central European Time on the Exercise Date shall be void.

3.2. Cash Settlement

Each Security upon due exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount less any Securityholder Expenses.

3.3. General

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount.

3.4. Exercise Notice

Securities may only be exercised by the delivery of a duly completed Exercise Notice to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

- 3.4.1. specify the number of Securities being exercised;
- 3.4.2. specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- 3.4.3. irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;

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- 3.4.4. specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount (if any) for such Securities ;
 - 3.4.5. include an undertaking to pay all Securityholder Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Settlement Amount due to such Securityholder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
 - 3.4.6. certify that neither the person exercising the Security nor any person on whose behalf the Security is being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (i) an individual who is a resident or a citizen of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (vii) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act;
 - 3.4.7. authorise the production of such notice in any applicable administrative or legal proceedings.

3.5. *Verification*

In respect of each Exercise Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

3.6. *Settlement*

The Issuer shall pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice for value on the Settlement Date less any Securityholder Expenses.

3.7. *Determinations*

Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Securityholder. Subject as set out below, any Exercise Notice so

determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3.1 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

3.8. *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Securityholder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice, the Securities which are the subject of such notice may not be transferred.

3.9. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and no payment of any Cash Settlement Amount in respect of a Security shall be made until all Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer.

3.10. *Exercise and Settlement Risk*

Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force on the Exercise Date or Settlement Date, as the case may be, and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. Adjustment Provisions

4.1. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 if a Market Disruption Event has occurred.

“Market Disruption Event” shall mean:

- 4.1.1. the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange

of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Exchange or otherwise):

4.1.1.1.on the Exchange as a whole; or

4.1.1.2.on any exchange on which options contracts or futures contracts on the Index are traded, of options contracts or futures contracts on or relating to the Index; or

4.1.1.3.on any exchange on which any security included in the Index is listed, of any security included in the Index,

if, in the determination of the Calculation Agent, such suspension or limitation is material; or

4.1.2. a general moratorium is declared in respect of banking activities in the country in which the Exchange is located.

For the purpose of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

4.2. *Adjustments to the Index*

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 of any determination made by it pursuant to paragraph 4.2.1 or 4.2.2 below.

4.2.1. If the Index is:

4.2.1.1.not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or

4.2.1.2.replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

4.2.2. If:

4.2.2.1.on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or

4.2.2.2. on the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor, fails to calculate and publish the Index,

then the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange).

4.2.3. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Securityholder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Securityholders copies of any such determinations.

5. Governing Law

The Securities are governed by and shall be construed in accordance with [English] [German] law.

INFORMATION RELATING TO THE UNDERLYING ASSET

The information below consists of extracts from, or summaries of, publicly available information. The Issuer has not independently verified any such information.

General

The [Index] (the “**Index**”) was launched on []. [Index Description].

Source: []

Calculation

[Formula for and method of calculation of the Index].

Source: []

Historical Index Levels

The table below shows the range of closing levels for the Index quoted on the [] Stock Exchange for the period indicated.

	High	Low
[-3 years]	[level]	[level]
[-2 years]	[level]	[level]
[-1 year]	[level]	[level]
[-6 months]	[level]	[level]
[-5 months]	[level]	[level]
[-4 months]	[level]	[level]
[-3 months]	[level]	[level]
[-2 months]	[level]	[level]
[-1 months]	[level]	[level]

The closing level of the Index on [date] was ●.

Source: []

Further Information Relating to the Index

The Index Sponsor maintains an Internet Site at the following address where further information may be available in respect of the Index: [].

SECTION I: PRODUCT INFORMATION

PRODUCT CONDITIONS

INFORMATION RELATING TO THE UNDERLYING ASSET

These Product Conditions relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions set out in Section II of this document. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.

PRODUCT CONDITIONS

1. Definitions

“**Agent**” means, subject as provided in General Condition 5, each of [•] as principal agent (the “**Principal Agent**”) and [•] and [•], each acting through its specified office and together, the “**Agents**”;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] [and] [Frankfurt am Main] and a day on which each Clearing Agent is open for business;

“**Cash Settlement Amount**” means an amount determined by the Calculation Agent as follows:

$$(\text{Exercise Price} - \text{Settlement Price}) \times \text{Multiplier}$$

provided that the Cash Settlement Amount shall not be less than zero. [The above amount determined pursuant to the foregoing shall be converted into the Settlement Currency at the Exchange Rate.] The Cash Settlement Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards;

“**Clearing Agent**” means [each of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System and Clearstream Banking, société anonyme/Clearstream Banking AG], and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”, which term shall include any depositary holding the Global Security on behalf of the Clearing Agent(s));

“**Exchange**” means [•] or any successor to such exchange or quotation system;

[“**Exchange Rate**” means the rate of exchange prevailing at approximately [1.00 p.m. Central European Time] on the Business Day immediately following the Valuation Date between [•] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [•] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time];

“**Exercise Date**” means [•];

“**Exercise Notice**” means the notice described in Product Condition 3.4;

“**Exercise Price**” means, subject to any adjustment pursuant to Product Condition 4, [•];

“**Global Security**” has the meaning ascribed thereto in Product Condition 2;

“**Index**” means [•], subject to Product Condition 4;

“**Index Sponsor**” means [] and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“**Issuer**” means Deutsche Bank AG [London];

“**Market Disruption Event**” means each event specified to be a Market Disruption Event in Product Condition 4;

“**Multiplier**” means [•];

“**Securities**” means [the] [up to] [quantity] cash settled put warrants relating to the Index represented by the Global Security and each a “**Security**”;

“**Securityholder Expenses**” means, in respect of a Security, all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

“**Settlement Currency**” means [Currency];

“**Settlement Date**” means the fifth Business Day following the Valuation Date;

“**Settlement Price**” means, subject to any adjustment pursuant to Product Condition 4, an amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to the [official closing] level of the Index on the Valuation Date as determined by the Calculation Agent without regard to any subsequently published correction;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange other than a day on which trading on such Exchange is scheduled to close prior to its regular weekday closing time;

“**Valuation Date**” means the first Trading Day following the Exercise Date unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on that day. If there is a Market Disruption Event on that day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent, acting in good faith, shall determine the Settlement Price by determining the level of the Index having regard to the then prevailing market conditions, the last reported trading price of each security included in the Index and such other factors as the Calculation Agent considers relevant.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. Form

The Securities are represented by a global security (the “**Global Security**”) which will, if deposited with a Clearing Agent in Germany, be in bearer form for the purposes of German law.

The Global Security has been deposited with the Clearing Agent(s). No definitive Securities will be issued. The Securities are transferable in accordance with applicable law and any rules and procedures for the time being of any Clearing Agent

through whose books any of the Securities are transferred. Where Product Condition 5 specifies that the governing law of the Securities is English law, each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the holder of a particular amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the amount of Securities standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such amount of the Securities (and the terms “**Securityholder**” and “**holder of Securities**” and related expressions shall be construed accordingly) for all purposes. Where Product Condition 5 specifies that the governing law of the Securities is German law, the terms “**Securityholders**” and “**holders of Securities**” in the Conditions will be construed to mean those persons recognised as the legal owners of the Securities pursuant to German law.

Exercise Rights and Exercise Procedure

3.1. Exercise

The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3.4 at or prior to 10.00 a.m. Central European Time on the Exercise Date shall be void.

3.2. Cash Settlement

Each Security upon due exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount less any Securityholder Expenses.

3.3. General

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount.

3.4. Exercise Notice

Securities may only be exercised by the delivery of a duly completed Exercise Notice to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

- 3.4.1. specify the number of Securities being exercised;
- 3.4.2. specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- 3.4.3. irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
- 3.4.4. specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount (if any) for such Securities;
- 3.4.5. include an undertaking to pay all Securityholder Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Settlement Amount due to such Securityholder and/or

to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;

- 3.4.6. certify that neither the person exercising the Security nor any person on whose behalf the Security is being exercised is a U.S. person or a person within the United States As used herein, “**U.S. person**” means (i) an individual who is a resident or a citizen of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (vii) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act;
- 3.4.7. authorise the production of such notice in any applicable administrative or legal proceedings.

3.5. *Verification*

In respect of each Exercise Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

3.6. *Settlement*

The Issuer shall pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice for value on the Settlement Date less any Securityholder Expenses.

3.7. *Determinations*

Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Securityholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at

the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3.1 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

3.8. *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Securityholder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice, the Securities which are the subject of such Exercise Notice may not be transferred.

3.9. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and no payment of any Cash Settlement Amount in respect of a Security shall be made until all Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer.

3.10. *Exercise and Settlement Risk*

Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force on the Exercise Date or Settlement Date, as the case may be, and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. *Adjustment Provisions*

4.1. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 if a Market Disruption Event has occurred.

“Market Disruption Event” shall mean:

4.1.1. the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Exchange or otherwise):

4.1.1.1. on the Exchange as a whole; or

-
- 4.1.1.2. on any exchange on which options contracts or futures contracts on the Index are traded, of options contracts or futures contracts on or relating to the Index; or
 - 4.1.1.3. on any exchange on which any security included in the Index is listed, of any security included in the Index, if, in the determination of the Calculation Agent, such suspension or limitation is material; or
 - 4.1.2. a general moratorium is declared in respect of banking activities in the country in which the Exchange is located.

For the purpose of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

4.2. *Adjustments to the Index*

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 of any determination made by it pursuant to paragraph 4.2.1 or 4.2.2 below.

4.2.1. If the Index is:

- 4.2.1.1. not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Sponsor**”) acceptable to the Calculation Agent; or
- 4.2.1.2. replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

4.2.2. If:

- 4.2.2.1. on or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or
- 4.2.2.2. on the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor fails, to calculate and publish the Index,

then the Calculation Agent shall determine the Settlement Price using, in lieu of a published level for the Index on the Valuation Date, the level for the Index as determined by the Calculation Agent in

accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those securities that comprised the Index immediately prior to the change or failure (other than those securities that have since ceased to be listed on the Exchange).

- 4.2.3. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Securityholder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Securityholders copies of any such determinations.

5. Governing Law

The Securities are governed by and shall be construed in accordance with [English] [German] law.

SECTION I: PRODUCT INFORMATION

PRODUCT CONDITIONS

INFORMATION RELATING TO THE UNDERLYING ASSET

These Product Conditions relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions set out in Section II of this document. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.

PRODUCT CONDITIONS

1. Definitions

“**Agent**” means, subject as provided in General Condition 5, each of [•] as principal agent (the “**Principal Agent**”) and [•] and [•], each acting through its specified office and together, the “**Agents**”;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] [and] [Frankfurt am Main] and a day on which each Clearing Agent is open for business;

“**Cash Settlement Amount**” means an amount determined by the Calculation Agent as follows:

$$(\text{Settlement Price} - \text{Exercise Price}) \times \text{Multiplier}$$

provided that the Cash Settlement Amount shall not be less than zero. [The above amount determined pursuant to the foregoing shall be converted into the Settlement Currency at the Exchange Rate.] The Cash Settlement Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards;

“**Clearing Agent**” means [each of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System and Clearstream Banking, société anonyme/Clearstream Banking AG], and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”, which term shall include any depositary holding the Global Security on behalf of the Clearing Agent(s));

“**Exchange**” means [•] or any successor to such exchange or quotation system provided however that if the Exchange ceases to list or otherwise include the Shares, the Issuer may at its discretion nominate another exchange or quotation system to be the Exchange and shall give notice thereof in accordance with General Condition 4;

[“**Exchange Rate**” means the rate of exchange prevailing at approximately [1.00 p.m. Central European Time] on the Business Day immediately following the Valuation Date between [•] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [•] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time];

“**Exercise Date**” means [•];

“**Exercise Notice**” means the notice described in Product Condition 3.4;

“**Exercise Price**” means [•], subject to adjustment in accordance with Product Condition 4;

“**Global Security**” has the meaning ascribed thereto in Product Condition 2;

“**Issuer**” means Deutsche Bank AG [London];

“**Market Disruption Event**” means each event specified to be a Market Disruption Event in Product Condition 4;

“**Multiplier**” means [•];

“**Securities**” means [the] [up to] [quantity] cash settled call warrants relating to the Shares represented by the Global Security and each a “**Security**”;

“**Securityholder Expenses**” means in respect of a Security, all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

“**Settlement Currency**” means [Currency];

“**Settlement Date**” means the fifth Business Day following the Valuation Date;

“**Settlement Price**” means, subject to any adjustment pursuant to Product Condition 4, an amount equal to the [official closing] [last traded] price of a Share quoted on the Exchange on the Valuation Date as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate for the price of a Share on such date having regard to the then prevailing market conditions, the last reported trading price on the Exchange and such other factors as the Calculation Agent considers relevant;

“**Share**” means [•], subject to Product Condition 4;

“**Share Company**” means[•];

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange other than a day on which trading on such Exchange is scheduled to close prior to its regular weekday closing time;

“**Valuation Date**” means [the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter] [the first Trading Day following the Exercise Date] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on that day. If there is a Market Disruption Event on that day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent, acting in good faith, shall determine the Settlement Price having regard to the then prevailing market conditions, the last reported trading price on the Exchange and such other factors as the Calculation Agent considers relevant.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. Form

The Securities are represented by a global security (the “**Global Security**”) which will, if deposited with a Clearing Agent in Germany, be in bearer form for the purposes of German law.

The Global Security has been deposited with the Clearing Agent(s). No definitive Securities will be issued. The Securities are transferable in accordance with applicable law and any rules and procedures for the time being of any Clearing Agent through whose books any of the Securities are transferred. Where Product Condition 5 specifies that the governing law of the Securities is English law, each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the holder of a particular amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the amount of Securities standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such amount of the Securities (and the terms “**Securityholder**” and “**holder of Securities**” and related expressions shall be construed accordingly) for all purposes. Where Product Condition 5 specifies that the governing law of the Securities is German law, the terms “**Securityholders**” and “**holders of Securities**” in the Conditions will be construed to mean those persons recognised as the legal owners of the Securities pursuant to German law.

3. Exercise Rights and Exercise Procedure

3.1. Exercise

The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3.4 at or prior to 10.00 a.m. Central European Time on the Exercise Date shall be void.

3.2. Cash Settlement

Each Security upon due exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount less any Securityholder Expenses.

3.3. General

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

3.4. Exercise Notice

Securities may only be exercised by the delivery of a duly completed Exercise Notice to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

- 3.4.1. specify the number of Securities being exercised;
- 3.4.2. specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- 3.4.3. irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
- 3.4.4. specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount (if any) for such Securities;
- 3.4.5. include an undertaking to pay all Securityholder Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Settlement Amount due to such Securityholder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
- 3.4.6. certify that neither the person exercising the Security nor any person on whose behalf the Security is being exercised is a U.S. person or a person within the United States As used herein, "**U.S. person**" means (i) an individual who is a resident or a citizen of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (vii) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act;
- 3.4.7. authorise the production of such notice in any applicable administrative or legal proceedings.

3.5. *Verification*

In respect of each Exercise Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

3.6. *Settlement*

The Issuer shall pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Security to the account specified in the relevant

Exercise Notice for value on the Settlement Date less any Securityholder Expenses.

3.7. *Determinations*

Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Securityholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3.1 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

3.8. *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Securityholder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice, the Securities which are the subject of such notice may not be transferred.

3.9. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and no payment of any Cash Settlement Amount in respect of a Security shall be made until all Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer.

3.10. *Exercise and Settlement Risk*

Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force on the Exercise Date or Settlement Date, as the case may be, and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. Adjustment Provisions

4.1. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 if a Market Disruption Event has occurred.

“**Market Disruption Event**” shall mean:

4.1.1. the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise):

4.1.1.1. the Share on the Exchange or any other exchange on which the Shares are listed; or

4.1.1.2. any options contracts or future contracts relating to the Share on any exchange on which options contracts or future contracts on the Share are traded,

if, in the determination of the Calculation Agent, such suspension or limitation is material; or

4.1.2. a general moratorium is declared in respect of banking activities in the country in which the Exchange is located.

For the purpose of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

4.2. *Potential Adjustment Events*

Following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

“Potential Adjustment Event” means any of the following:

- 4.2.1. a subdivision, consolidation or reclassification of the Shares (unless a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- 4.2.2. a distribution or dividend to existing holders of the Shares of (1) such Shares or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares or (3) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- 4.2.3. an extraordinary dividend;
- 4.2.4. a call by the Share Company in respect of Shares that are not fully paid;
- 4.2.5. a repurchase by the Share Company of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- 4.2.6. any other similar event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the Shares.

4.3. *De-Listing, Merger Event, Nationalisation and Insolvency*

If a Merger Event, De-Listing, Nationalisation or Insolvency occurs in relation to a Share, the Issuer may take any action described in 4.3.1, 4.3.2 or 4.3.3 below:

- 4.3.1. require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, De-Listing, Nationalisation or Insolvency made by an options exchange to options on the Shares traded on that options exchange; or
- 4.3.2. cancel the Securities by giving notice to Securityholders in accordance with General Condition 4. If the Securities are so cancelled the Issuer will pay an amount to each Securityholder in respect of each Security held by such Securityholder which amount shall be the fair market value of a Security taking into account the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4; or
- 4.3.3. following any adjustment to the settlement terms of options on the Shares on such exchange(s) or quotation system(s) as the Calculation Agent in its sole discretion shall select (the **“Options Exchange”**)

require the Calculation Agent to make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange, to account for the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

Upon the occurrence of a Merger Event, De-Listing, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 stating the occurrence of the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Securityholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Securityholders.

“De-Listing” means the Shares cease, for any reason, to be listed on the Exchange and as of the date of such de-listing are not listed on another recognised stock exchange or quotation system acceptable to the Issuer.

“Insolvency” means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting the Share Company (A) all the Shares are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares become legally prohibited from transferring them.

“Merger Date” means, in respect of a Merger Event, the date upon which all holders of the Shares (other than, in the case of a takeover offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

“Merger Event” means any (i) reclassification or change of the Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares outstanding, (ii) consolidation, amalgamation or merger of the Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change of all such Shares outstanding) or (iii) other takeover offer for such Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

“Nationalisation” means that all the Shares or all the assets or substantially all the assets of the Share Company (other than such Shares owned or controlled by a governmental agency, authority or entity) are nationalised, expropriated or are otherwise required to be transferred to any such governmental agency, authority or entity.

5. Governing Law

The Securities are governed by and shall be construed in accordance with [English]
[German] law.

INFORMATION RELATING TO THE UNDERLYING ASSET

The information below consists of extracts from, or summaries of, publicly available information. The Issuer has not independently verified any such information.

General

[Share Company] (the "**Share Company**") was incorporated on [year] in [Country] to [principal areas of activity/business/general description of business]. Its registered office is []. The market capitalisation of the Share Company on [date] was [amount].

Source: []

Shares

As at [date], the subscribed capital of the Share Company amounted to [amount] comprised of [number] [ordinary] shares (the "**Shares**") of nominal value [amount] each. The Shares are listed on [] Stock Exchange.

Source: []

Recent Shares Price History

The table below shows the range of closing prices of the Shares quoted on the [] Stock Exchange for the period indicated.

	High ([Currency])	Low ([Currency])
[-3 years]	[amount]	[amount]
[-2 years]	[amount]	[amount]
[-1 year]	[amount]	[amount]
[-6 months]	[amount]	[amount]
[-5 months]	[amount]	[amount]
[-4 months]	[amount]	[amount]
[-3 months]	[amount]	[amount]
[-2 months]	[amount]	[amount]
[-1 months]	[amount]	[amount]

The closing price of the Shares on [date] was [Currency] ●.

Source: []

Dividend Information

The table below sets out the gross dividends paid per Share for the periods indicated.

		[Currency]
1996	.....	[amount]
1997	.....	[amount]
1998	.....	[amount]

1999	.....	[amount]
2000	.....	[amount]

Source: []

Further Information Relating to the Share Company

The Share Company maintains an Internet Site at the following address where further information may be available in respect of the Share Company: [].

SECTION I: PRODUCT INFORMATION

PRODUCT CONDITIONS

INFORMATION RELATING TO THE UNDERLYING ASSET

These Product Conditions relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions set out in Section II of this document. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.

PRODUCT CONDITIONS

1. Definitions

“**Agent**” means, subject as provided in General Condition 5, each of [•] as principal agent (the “**Principal Agent**”) and [•] and [•], each acting through its specified office and together, the “**Agents**”;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] [and] [Frankfurt am Main] and a day on which each Clearing Agent is open for business;

“**Cash Settlement Amount**” means an amount determined by the Calculation Agent as follows:

$$[\text{Amount}] \times \left(\frac{\text{Final Reference Price}}{\text{Initial Reference Price}} \right)$$

provided that the Cash Settlement Amount shall not be less than [zero] [the Minimum Return Amount]. [The above amount determined pursuant to the foregoing shall be converted into the Settlement Currency at the Exchange Rate.] The Cash Settlement Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards;

“**Clearing Agent**” means [each of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System and Clearstream Banking, société anonyme/Clearstream Banking AG], and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”, which term shall include any depositary holding the Global Security on behalf of the Clearing Agent(s));

“**Exchange**” means [•] or any successor to such exchange or quotation system provided however that if the Exchange ceases to list or otherwise include the Shares, the Issuer may at its discretion nominate another exchange or quotation system to be the Exchange and shall give notice thereof in accordance with General Condition 4;

[“**Exchange Rate**” means the rate of exchange prevailing at approximately [1.00 p.m. Central European Time] on the Business Day immediately following the Valuation Date between [•] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [•] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time];

“**Exercise Date**” means [•];

“**Exercise Notice**” means the notice described in Product Condition 3.4;

“Final Reference Price” means, subject to any adjustment pursuant to Product Condition 4, an amount equal to the [official closing] [last traded] price of a Share quoted on the Exchange on the Valuation Date as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate for the price of a Share on such date having regard to the then prevailing market conditions, the last reported trading price on the Exchange and such other factors as the Calculation Agent considers relevant;

“Global Security” has the meaning ascribed thereto in Product Condition 2;

“Initial Reference Price” means [•], subject to adjustment in accordance with Product Condition 4;

“Issuer” means Deutsche Bank AG [London]; **“Minimum Return Amount”** means [•];

“Market Disruption Event” means each event specified to be a Market Disruption Event in Product Condition 4;

“Securities” means [the] [up to] [quantity] cash settled certificates relating to the Shares represented by the Global Security and each a **“Security”**;

“Securityholder Expenses” means in respect of a Security, all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

“Settlement Currency” means [Currency];

“Settlement Date” means the fifth Business Day following the Valuation Date;

“Share” means [•], subject to Product Condition 4;

“Share Company” means [•];

“Trading Day” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange other than a day on which trading on such Exchange is scheduled to close prior to its regular weekday closing time;

“Valuation Date” means [the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter] [the first Trading Day following the Exercise Date] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on that day. If there is a Market Disruption Event on that day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent, acting in good faith, shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported trading price on the Exchange and such other factors as the Calculation Agent considers relevant.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. Form

The Securities are represented by a global security (the “**Global Security**”) which will, if deposited with a Clearing Agent in Germany, be in bearer form for the purposes of German law.

The Global Security has been deposited with the Clearing Agent(s). No definitive Securities will be issued. The Securities are transferable in accordance with applicable law and any rules and procedures for the time being of any Clearing Agent through whose books any of the Securities are transferred. Where Product Condition 5 specifies that the governing law of the Securities is English law, each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the holder of a particular amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the amount of Securities standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such amount of the Securities (and the terms “**Securityholder**” and “**holder of Securities**” and related expressions shall be construed accordingly) for all purposes. Where Product Condition 5 specifies that the governing law of the Securities is German law, the terms “**Securityholders**” and “**holders of Securities**” in the Conditions will be construed to mean those persons recognised as the legal owners of the Securities pursuant to German law.

3. Exercise Rights and Exercise Procedure

3.1. *Exercise*

The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3.4 at or prior to 10.00 a.m. Central European Time on the Exercise Date shall be void.

3.2. *Cash Settlement*

Each Security upon due exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount less any Securityholder Expenses.

3.3. *General*

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

3.4. *Exercise Notice*

Securities may only be exercised by the delivery of a duly completed Exercise Notice to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

- 3.4.1. specify the number of Securities being exercised;
- 3.4.2. specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- 3.4.3. irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
- 3.4.4. specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount (if any) for such Securities;
- 3.4.5. include an undertaking to pay all Securityholder Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Settlement Amount due to such Securityholder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
- 3.4.6. certify that neither the person exercising the Security nor any person on whose behalf the Security is being exercised is a U.S. person or a person within the United States As used herein, “**U.S. person**” means (i) an individual who is a resident or a citizen of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (vii) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act;
- 3.4.7. authorise the production of such notice in any applicable administrative or legal proceedings.

3.5. *Verification*

In respect of each Exercise Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

3.6. *Settlement*

The Issuer shall pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Security to the account specified in the relevant

Exercise Notice for value on the Settlement Date less any Securityholder Expenses.

3.7. *Determinations*

Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Securityholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3.1 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

3.8. *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Securityholder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice, the Securities which are the subject of such notice may not be transferred.

3.9. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and no payment of any Cash Settlement Amount in respect of a Security shall be made until all Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer.

3.10. *Exercise and Settlement Risk*

Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force on the Exercise Date or Settlement Date, as the case may be, and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. Adjustment Provisions

4.1 *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 if a Market Disruption Event has occurred.

“**Market Disruption Event**” shall mean:

4.1.1. the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise):

4.1.1.1. the Share on the Exchange or any other exchange on which the Shares are listed; or

4.1.1.2. any options contracts or future contracts relating to the Share on any exchange on which options contracts or future contracts on the Share are traded,

if, in the determination of the Calculation Agent, such suspension or limitation is material; or

4.1.2. a general moratorium is declared in respect of banking activities in the country in which the Exchange is located.

For the purpose of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

4.2. *Potential Adjustment Events*

Following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

“Potential Adjustment Event” means any of the following:

- 4.2.1. a subdivision, consolidation or reclassification of the Shares (unless a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- 4.2.2. a distribution or dividend to existing holders of the Shares of (1) such Shares or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares or (3) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- 4.2.3. an extraordinary dividend;
- 4.2.4. a call by the Share Company in respect of Shares that are not fully paid;
- 4.2.5. a repurchase by the Share Company of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- 4.2.6. any other similar event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the Shares.

4.3. *De-Listing, Merger Event, Nationalisation and Insolvency*

If a Merger Event, De-Listing, Nationalisation or Insolvency occurs in relation to a Share, the Issuer may take any action described in 4.3.1, 4.3.2 or 4.3.3 below:

- 4.3.1. require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, De-Listing, Nationalisation or Insolvency made by an options exchange to options on the Shares traded on that options exchange; or
- 4.3.2. cancel the Securities by giving notice to Securityholders in accordance with General Condition 4. If the Securities are so cancelled the Issuer will pay an amount to each Securityholder in respect of each Security held by such Securityholder which amount shall be the fair market value of a Security taking into account the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4; or
- 4.3.3. following any adjustment to the settlement terms of options on the Shares on such exchange(s) or quotation system(s) as the Calculation Agent in its sole discretion shall select (the **“Options Exchange”**)

require the Calculation Agent to make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange, to account for the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

Upon the occurrence of a Merger Event, De-Listing, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 stating the occurrence of the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Securityholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Securityholders.

“De-Listing” means the Shares cease, for any reason, to be listed on the Exchange and as of the date of such de-listing are not listed on another recognised stock exchange or quotation system acceptable to the Issuer.

“Insolvency” means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting the Share Company (A) all the Shares are required to be transferred to a trustee, liquidator or other similar official; or (B) holders of the Shares become legally prohibited from transferring them.

“Merger Date” means, in respect of a Merger Event, the date upon which all holders of the Shares (other than, in the case of a takeover offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

“Merger Event” means any (i) reclassification or change of the Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares outstanding, (ii) consolidation, amalgamation or merger of the Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change of all such Shares outstanding) or (iii) other takeover offer for such Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

“Nationalisation” means that all the Shares or all the assets or substantially all the assets of the Share Company (other than such Shares owned or controlled by a governmental agency, authority or entity) are nationalised, expropriated or are otherwise required to be transferred to any such governmental agency, authority or entity.

5. Governing Law

The Securities are governed by and shall be construed in accordance with [English]
[German] law.

INFORMATION RELATING TO THE UNDERLYING ASSET

The information below consists of extracts from, or summaries of, publicly available information. The Issuer has not independently verified any such information.

General

[Share Company] (the “**Share Company**”) was incorporated on [year] in [Country] to [principal areas of activity/business/general description of business]. Its registered office is []. The market capitalisation of the Share Company on [date] was [amount].

Source: []

Shares

As at [date], the subscribed capital of the Share Company amounted to [amount] comprised of [number] [ordinary] shares (the “**Shares**”) of nominal value [amount] each. The Shares are listed on [] Stock Exchange.

Source: []

Recent Shares Price History

The table below shows the range of closing prices of the Shares quoted on the [] Stock Exchange for the period indicated.

	High ([Currency])	Low ([Currency])
[-3 years]	[amount]	[amount]
[-2 years]	[amount]	[amount]
[-1 year]	[amount]	[amount]
[-6 months]	[amount]	[amount]
[-5 months]	[amount]	[amount]
[-4 months]	[amount]	[amount]
[-3 months]	[amount]	[amount]
[-2 months]	[amount]	[amount]
[-1 months]	[amount]	[amount]

The closing price of the Shares on [date] was [Currency] ●.

Source: []

Dividend Information

The table below sets out the gross dividends paid per Share for the periods indicated.

		[Currency]
1996	[amount]
1997	[amount]
1998	[amount]
1999	[amount]

2000	[amount]
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Source: []

Further Information Relating to the Share Company

The Share Company maintains an Internet Site at the following address where further information may be available in respect of the Share Company: [].

SECTION I: PRODUCT INFORMATION

PRODUCT CONDITIONS

INFORMATION RELATING TO THE UNDERLYING ASSET

These Product Conditions relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions set out in Section II of this document. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.

PRODUCT CONDITIONS

1. Definitions

“**Agent**” means, subject as provided in General Condition 5, each of [•] as principal agent (the “**Principal Agent**”) and [•] and [•], each acting through its specified office and together, the “**Agents**”;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London] [and] [Frankfurt am Main] and a day on which each Clearing Agent is open for business;

“**Cash Settlement Amount**” means an amount determined by the Calculation Agent as follows:

$$(\text{Exercise Price} - \text{Settlement Price}) \times \text{Multiplier}$$

provided that the Cash Settlement Amount shall not be less than zero. [The above amount determined pursuant to the foregoing shall be converted into the Settlement Currency at the Exchange Rate.] The Cash Settlement Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards;

“**Clearing Agent**” means [each of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System and Clearstream Banking, société anonyme/Clearstream Banking AG], and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”, which term shall include any depositary holding the Global Security on behalf of the Clearing Agent(s));

“**Exchange**” means [•] or any successor to such exchange or quotation system provided however that if the Exchange ceases to list or otherwise include the Shares, the Issuer may at its discretion nominate another exchange or quotation system to be the Exchange and shall give notice thereof in accordance with General Condition 4;

[“**Exchange Rate**” means the rate of exchange prevailing at approximately [1.00 p.m. Central European Time] on the Business Day immediately following the Valuation Date between [•] and the Settlement Currency (expressed as a number of units of the Settlement Currency for which [•] can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time];

“**Exercise Date**” means [•];

“**Exercise Notice**” means the notice described in Product Condition 3.4;

“**Exercise Price**” means [•], subject to adjustment in accordance with Product Condition 4;

“**Global Security**” has the meaning ascribed thereto in Product Condition 2;

“**Issuer**” means Deutsche Bank AG [London];

“**Market Disruption Event**” means each event specified to be a Market Disruption Event in Product Condition 4;

“**Multiplier**” means [●];

“**Securities**” means [the] [up to] [quantity] cash settled put warrants relating to the Shares represented by the Global Security and each a “**Security**”;

“**Securityholder Expenses**” means in respect of a Security, all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security;

“**Settlement Currency**” means [Currency];

“**Settlement Date**” means the fifth Business Day following the Valuation Date;

“**Settlement Price**” means, subject to any adjustment pursuant to Product Condition 4, an amount equal to the [official closing] [last traded] price of a Share quoted on the Exchange on the Valuation Date as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such price can be determined and no Market Disruption Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate for the price of a Share on such date having regard to the then prevailing market conditions, the last reported trading price on the Exchange and such other factors as the Calculation Agent considers relevant ;

“**Share**” means [●], subject to Product Condition 4;

“**Share Company**” means [●];

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange other than a day on which trading on such Exchange is scheduled to close prior to its regular weekday closing time;

“**Valuation Date**” means [the Exercise Date or, if such date is not a Trading Day, the first Trading Day thereafter] [the first Trading Day following the Exercise Date] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on that day. If there is a Market Disruption Event on that day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent, acting in good faith, shall determine the Settlement Price having regard to the then prevailing market conditions, the last reported trading price on the Exchange and such other factors as the Calculation Agent considers relevant.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. Form

The Securities are represented by a global security (the “**Global Security**”) which will, if deposited with a Clearing Agent in Germany, be in bearer form for the purposes of German law.

The Global Security has been deposited with the Clearing Agent(s). No definitive Securities will be issued. The Securities are transferable in accordance with applicable law and any rules and procedures for the time being of any Clearing Agent through whose books any of the Securities are transferred. Where Product Condition 5 specifies that the governing law of the Securities is English law, each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the holder of a particular amount of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the amount of Securities standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such amount of the Securities (and the terms “**Securityholder**” and “**holder of Securities**” and related expressions shall be construed accordingly) for all purposes. Where Product Condition 5 specifies that the governing law of the Securities is German law, the terms “**Securityholders**” and “**holders of Securities**” in the Conditions will be construed to mean those persons recognised as the legal owners of the Securities pursuant to German law.

3. Exercise Rights and Exercise Procedure

3.1. Exercise

The Securities are only exercisable on or prior to the Exercise Date. Any Security with respect to which no Exercise Notice has been delivered in the manner set out in Product Condition 3.4 at or prior to 10.00 a.m. Central European Time on the Exercise Date shall be void.

3.2. Cash Settlement

Each Security upon due exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount less any Securityholder Expenses.

3.3. General

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Shares.

3.4. Exercise Notice

Securities may only be exercised by the delivery of a duly completed Exercise Notice to a Clearing Agent with a copy to the Principal Agent. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

- 3.4.1. specify the number of Securities being exercised;
- 3.4.2. specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- 3.4.3. irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
- 3.4.4. specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount (if any) for such Securities;
- 3.4.5. include an undertaking to pay all Securityholder Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Settlement Amount due to such Securityholder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
- 3.4.6. certify that neither the person exercising the Security nor any person on whose behalf the Security is being exercised is a U.S. person or a person within the United States As used herein, "**U.S. person**" means (i) an individual who is a resident or a citizen of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (vii) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act;
- 3.4.7. authorise the production of such notice in any applicable administrative or legal proceedings.

3.5. *Verification*

In respect of each Exercise Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

3.6. *Settlement*

The Issuer shall pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Security to the account specified in the relevant

Exercise Notice for value on the Settlement Date less any Securityholder Expenses.

3.7. *Determinations*

Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Securityholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3.1 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

3.8. *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Securityholder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice, the Securities which are the subject of such notice, may not be transferred.

3.9. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and no payment of any Cash Settlement Amount in respect of a Security shall be made until all Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer.

3.10. *Exercise and Settlement Risk*

Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force on the Exercise Date or Settlement Date, as the case may be, and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

4. Adjustment Provisions

4.1. Market Disruption

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 if a Market Disruption Event has occurred.

“Market Disruption Event” shall mean:

4.1.1. the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on the Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise):

4.1.1.1. the Share on the Exchange or any other exchange on which the Shares are listed; or

4.1.1.2. any options contracts or future contracts relating to the Share on any exchange on which options contracts or future contracts on the Share are traded,

if, in the determination of the Calculation Agent, such suspension or limitation is material; or

4.1.2. a general moratorium is declared in respect of banking activities in the country in which the Exchange is located.

For the purpose of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

4.2. Potential Adjustment Events

Following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

“Potential Adjustment Event” means any of the following:

4.2.1. a subdivision, consolidation or reclassification of the Shares (unless a Merger Event) or a free distribution or dividend of any

such Shares to existing holders by way of bonus, capitalisation or similar issue;

- 4.2.2. a distribution or dividend to existing holders of the Shares of (1) such Shares or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares or (3) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- 4.2.3. an extraordinary dividend;
- 4.2.4. a call by the Share Company in respect of Shares that are not fully paid;
- 4.2.5. a repurchase by the Share Company of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- 4.2.6. any other similar event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the Shares.

4.3. *De-Listing, Merger Event, Nationalisation and Insolvency*

If a Merger Event, De-Listing, Nationalisation or Insolvency occurs in relation to a Share, the Issuer may take any action described in 4.3.1, 4.3.2 or 4.3.3 below:

- 4.3.1. require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, De-Listing, Nationalisation or Insolvency made by an options exchange to options on the Shares traded on that options exchange; or
- 4.3.2. cancel the Securities by giving notice to Securityholders in accordance with General Condition 4. If the Securities are so cancelled the Issuer will pay an amount to each Securityholder in respect of each Security held by such Securityholder which amount shall be the fair market value of a Security taking into account the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4; or
- 4.3.3. following any adjustment to the settlement terms of options on the Shares on such exchange(s) or quotation system(s) as the Calculation Agent in its sole discretion shall select (the “**Options Exchange**”) require the Calculation Agent to make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Calculation Agent

to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange, to account for the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

Upon the occurrence of a Merger Event, De-Listing, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 stating the occurrence of the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Securityholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Securityholders.

“De-Listing” means the Shares cease, for any reason, to be listed on the Exchange and as of the date of such de-listing are not listed on another recognised stock exchange or quotation system acceptable to the Issuer.

“Insolvency” means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting the Share Company (A) all the Shares are required to be transferred to a trustee, liquidator or other similar official; or (B) holders of the Shares become legally prohibited from transferring them.

“Merger Date” means, in respect of a Merger Event, the date upon which all holders of the Shares (other than, in the case of a takeover offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

“Merger Event” means any (i) reclassification or change of the Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares outstanding, (ii) consolidation, amalgamation or merger of the Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change of all such Shares outstanding) or (iii) other takeover offer for such Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

“Nationalisation” means that all the Shares or all the assets or substantially all the assets of the Share Company (other than such Shares owned or controlled by a governmental agency, authority or entity) are nationalised, expropriated or are otherwise required to be transferred to any such governmental agency, authority or entity.

5. Governing Law

The Securities are governed by and shall be construed in accordance with [English] [German] law.

INFORMATION RELATING TO THE UNDERLYING ASSET

The information below consists of extracts from, or summaries of, publicly available information. The Issuer has not independently verified any such information.

General

[Share Company] (the “**Share Company**”) was incorporated on [year] in [Country] to [principal areas of activity/business/general description of business]. Its registered office is []. The market capitalisation of the Share Company on [date] was [amount].

Source: []

Shares

As at [date], the subscribed capital of the Share Company amounted to [amount] comprised of [number] [ordinary] shares (the “**Shares**”) of nominal value [amount] each. The Shares are listed on [] Stock Exchange.

Source: []

Recent Shares Price History

The table below shows the range of closing prices of the Shares quoted on the [] Stock Exchange for the period indicated.

	High ([Currency])	Low ([Currency])
[-3 years]	[amount]	[amount]
[-2 years]	[amount]	[amount]
[-1 year]	[amount]	[amount]
[-6 months]	[amount]	[amount]
[-5 months]	[amount]	[amount]
[-4 months]	[amount]	[amount]
[-3 months]	[amount]	[amount]
[-2 months]	[amount]	[amount]
[-1 months]	[amount]	[amount]

The closing price of the Shares on [date] was [Currency] ●.

Source: []

Dividend Information

The table below sets out the gross dividends paid per Share for the periods indicated.

		[Currency]
1996	.....	[amount]
1997	.....	[amount]
1998	.....	[amount]

1999	.....	[amount]
2000	.....	[amount]

Source: []

Further Information Relating to the Share Company

The Share Company maintains an Internet Site at the following address where further information may be available in respect of the Share Company: [].

SECTION II: GENERAL INFORMATION

GENERAL CONDITIONS

GENERAL RISK FACTORS

GENERAL TAXATION INFORMATION

GENERAL SELLING AND TRANSFER RESTRICTIONS

GENERAL INFORMATION RELATING TO THE ISSUER

These General Conditions relate to the Securities and must be read in conjunction with, and are subject to, the Product Conditions set out in Section I of this document. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.

GENERAL CONDITIONS

1. Status of the Securities

The Securities constitute unsubordinated, unsecured contractual obligations of the Issuer and rank *pari passu* in all respects with each other.

2. Early Termination for Extraordinary Reasons, Illegality and Force Majeure

If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Securities has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Securities for any reason, the Issuer may at its discretion and without obligation terminate early the Securities by giving notice to the Securityholders in accordance with General Condition 4.

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer terminates early the Securities, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such holder equal to the fair market value of a Security notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4.

3. Purchases

The Issuer may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held or resold or surrendered for cancellation.

4. Notices

4.1. Validity

Notices to the Securityholders will be valid if delivered to the Clearing Agent(s) for communication by the Clearing Agent(s) to the Securityholders provided that so long as the Securities are listed on any stock exchange or publicly offered in any jurisdiction, any notice to the Securityholders shall be published in accordance with the rules and regulations of each such stock exchange and each such jurisdiction.

4.2. Delivery

Notices given pursuant to 4.1 above will become effective on, if delivered to the Clearing Agent(s), the third day after such delivery to the Clearing Agent or all the Clearing Agents (if more than one) or, if published (whether or not also so given), on the date of such publication, or, if published more than once, on the date of the first such publication or, if required to be published in more than one newspaper, on the date of the first such publication in all the required newspapers.

5. Agents, Calculation Agent, Determinations and Modifications

5.1. Agents

The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint further or additional Agents, provided that no termination of appointment of the Principal Agent shall become effective until a replacement Principal Agent shall have been appointed and provided that, if and to the extent that any of the Securities are listed on any stock exchange or publicly offered in any jurisdiction, there shall be an Agent having a specified office in each country required by the rules and regulations of each such stock exchange and each such jurisdiction. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Agent will be given to Securityholders in accordance with General Condition 4. Each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders. Any calculations or determinations in respect of the Securities made by an Agent shall (save in the case of manifest error) be final, conclusive and binding on the Securityholders.

5.2. Calculation Agent

The Issuer shall undertake the duties of calculation agent (the “**Calculation Agent**” which expression shall include any successor calculation agent) in respect of the Securities unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.

The Issuer reserves the right at any time to appoint another institution as the Calculation Agent provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any termination or appointment will be given to the Securityholders in accordance with General Condition 4.

The Calculation Agent (except where it is the Issuer) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders. Any calculations or determinations in respect of the Securities made by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Securityholders.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

5.3. Determinations by the Issuer

Any determination made by the Issuer pursuant to the Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Securityholders.

5.4. Modifications

The Issuer may, to the extent permitted by applicable law, modify the Conditions without the consent of the Securityholders or any of them in any manner which the Issuer may deem reasonably necessary in order to maintain or preserve the intended commercial purpose of the Conditions if such modification does not materially adversely affect the interests of the Securityholders or is of a formal, minor or technical nature or intended to correct a manifest error or to cure, correct or supplement any defective provision contained therein. Notice of any such modification will be given to the Securityholders in accordance with General Condition 4 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

6. Taxation

In relation to each Security the relevant Securityholder shall pay all Securityholder Expenses as provided in the Product Conditions. All payments or, as the case may be, deliveries in respect of the Securities will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax, duty or other charge whatsoever). The Issuer shall not be liable for or otherwise obliged to pay, and the relevant Securityholder shall be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer, any payment and/or any delivery in respect of the Securities held by such Securityholder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable or, as the case may be, any delivery due to the Securityholder such amount or portion as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. Each Securityholder shall indemnify the Issuer against any loss, cost or other liability whatsoever sustained or incurred by the Issuer in respect of any such tax, duty, charge, withholding or other payment as referred to above in respect of the Securities of such holder.

7. Further Issues

The Issuer shall be at liberty from time to time without the consent of Securityholders or any of them to create and issue further securities so as to be consolidated and form a single series with the Securities.

8. Substitution

8.1. *Substitution of Issuer*

The Issuer, or any previous substituted company, may at any time, without the consent of the Securityholders substitute for itself as principal obligor under the Securities any company (the "**Substitute**"), being any subsidiary or affiliate of the Issuer, subject to:

- 8.1.1. the obligations of the Substitute under the Securities being guaranteed by Deutsche Bank AG (unless it is the Substitute);
- 8.1.2. all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect;
- 8.1.3. the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with General Condition 4.

In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall henceforth be construed as a reference to the Substitute.

8.2. *Substitution of Office*

The Issuer shall have the right upon notice to Securityholders in accordance with General Condition 4 to change the office through which it is acting for the purpose of the Securities, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

9. Replacement of Securities

Should any Security be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Agent (or such other place of which notice shall have been given in accordance with General Condition 4) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Securities must be surrendered before replacements will be issued.

10. Adjustments for European Monetary Union

10.1. *Redenomination*

The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 4 elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Securities shall be redenominated in euro;

The election will have effect as follows:

10.1.1. where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, whether as from 1999 or after such date, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;

10.1.2. where the Conditions contain a rate of exchange or any of the Conditions are expressed in a currency (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union, whether as from 1999 or after such date, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted for or, as the case may be into, euro at the Established Rate; and

10.1.3. such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.

10.2. *Adjustment to Conditions*

The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 4 make such adjustments to the Conditions as the Issuer may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.

10.3. *Euro Conversion Costs, etc.*

Notwithstanding Condition 10.1 and/or Condition 10.2, none of the Issuer, the Calculation Agent and any Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

10.4. *Definitions*

In this General Condition, the following expressions have the following meanings:

"**Adjustment Date**" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls, if the currency is that of a country not initially participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, on or after such later date as such country does so participate;

“Established Rate” means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to the first sentence of Article 123(4), formerly 109 I (4) of the Treaty;

“National Currency Unit” means the unit of the currency of a country, as those units are defined on the day before the start of the third stage of European Economic and Monetary Union or, in connection with the expansion of such third stage, to any country which has not initially participated in such third stage;

“Treaty” means the treaty establishing the European Community.

11. Definitions

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions.

GENERAL RISK FACTORS

The discussion below is of general nature and is intended to describe various risk factors associated with an investment in any securities issued under the Programme. What factors will be of relevance to the Securities will depend upon a number of inter related matters including, but not limited to, the nature of the Securities and the Underlying Asset.

No investment should be made in the Securities until after careful consideration of all those factors which are relevant in relation to the Securities.

Terms and expressions defined in the Conditions shall have the same meaning when used in this discussion.

1. Introduction

An investment in the Securities involves risks. These risks may include, among others, equity market, bond market, foreign exchange, interest rate, market volatility and political risks and any combination of these and other risks. Some of these are briefly discussed below. Prospective purchasers should be experienced with respect to transactions in instruments such as the Securities and in the Underlying Asset. Prospective purchasers should understand the risks associated with an investment in the Securities and should only reach an investment decision after careful consideration, with their legal, tax, accounting and other advisers, of (i) the suitability of an investment in the Securities in the light of their own particular financial, fiscal and other circumstances; (ii) the information set out in this document and (iii) the Underlying Asset.

Prospective purchasers of the Securities should recognise that the Securities may decline in value and should be prepared to sustain a total loss of their investment in the Securities. The shorter the remaining term of the Securities is, the higher might be the risk of decline in value of the Securities. Even where the Securities contain some form of "guaranteed return" or "money back" element, the guaranteed return or money back element may be less than the investment made by the purchaser in the Securities. An investment in the Securities should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the Underlying Asset, as the return of any such investment will be dependent, inter alia, upon such changes. More than one risk factor may have simultaneous effect with regard to the Securities such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Securities.

2. Market Factors

2.1. *Valuation of the Underlying Asset*

Prospective purchasers of the Securities should be aware that an investment in the Securities involves valuation risk as regards the Underlying Asset. Prospective purchasers should be experienced with respect to transactions in securities with a value derived from underlying securities.

The value of the Underlying Asset may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro economic factors and speculation. Where the Underlying Asset is a basket comprised of various assets, fluctuations in the value of any one asset may be offset or intensified by fluctuations in the value of other assets which comprise the Underlying Asset.

2.2. *Exchange Rates*

Prospective purchasers of the Securities should be aware that an investment in the Securities may involve exchange rate risks. For example (i) the Underlying Asset may be denominated in a currency other than that of the Settlement Currency for the Securities; (ii) the Securities may be denominated in a currency other than the currency of the purchaser's home jurisdiction; and/or (iii) the Securities may be denominated in a currency other than the currency in which a purchaser wishes to receive funds.

Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Securities.

2.3. *Interest Rate*

Prospective purchasers of the Securities should be aware that an investment in the Securities may involve interest rate risk in that there may be fluctuations in the currency of denomination of the Underlying Asset and/or the Securities.

Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro economic factors, speculation and central bank and government intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Securities. Fluctuations in interest rates of the currency in which the Securities are denominated and/or fluctuations in interest rates of the currency or currencies in which the Underlying Asset is denominated may affect the value of the Securities.

If the Underlying Asset is a fixed income security, the value of the Securities would be expected to be affected by interest rate fluctuations.

2.4. *Market Volatility*

Market volatility reflects the degree of instability and expected instability of the performance of the Underlying Asset. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro economic factors and speculation.

3. **Certain Hedging Considerations**

Prospective purchasers intending to purchase the Securities for the purpose of hedging their exposure to the Underlying Asset should recognise the risks of utilising the Securities in such manner. No assurance is or can be given that the value of the Securities will correlate with movements in the value of the Underlying Asset. Furthermore, it may not be possible to liquidate the Securities at a price which directly reflects the value of the Underlying Asset. Therefore, it is possible that investors could suffer substantial losses in the Securities notwithstanding losses suffered with respect to investments on or exposure to the Underlying Asset.

Prospective purchasers of the Securities should be aware that hedging transactions in order to limit the risks associated with the Securities might not be successful.

4. Liquidity

It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid. If so specified in this document, application has been made to list or quote the Securities on the stock exchanges specified. If the Securities are so listed or quoted, no assurance is given that any such listing or quotation will be maintained. The fact that the Securities may be so listed or quoted does not necessarily lead to greater liquidity than if they were not so listed or quoted.

If the Securities are not listed or traded on any exchange, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities may be adversely affected. The liquidity of the Securities may also be affected by restrictions on offers and sales of the Securities in some jurisdictions.

The Issuer may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation. Since the Issuer may be the only market-maker in the Securities, the secondary market may be limited. The more limited the secondary market is, the more difficult it may be for holders of the Securities to realise value for the Securities prior to the exercise, expiration or maturity date.

5. Potential Conflicts of Interest

The Issuer and its affiliates may from time to time engage in transactions involving the Underlying Asset for their proprietary accounts and for accounts under their management. Such transactions may have a positive or negative effect on the value of the Underlying Asset and consequently upon the value of the Securities. In addition, the Issuer and its affiliates may from time to time act in other capacities with regard to the Securities, such as Calculation Agent, Agent and/or Index Sponsor. Furthermore, the Issuer and its affiliates may also issue other derivative instruments in respect of the Underlying Asset and the introduction of such competing products into the marketplace may affect the value of the Securities.

The Issuer and its affiliates may also act as underwriter in connection with future offerings of the Underlying Asset or may act as financial adviser to the issuer of an Underlying Asset or in a commercial banking capacity for the issuer of an Underlying Asset. Such activities could present certain conflicts of interest and may affect the value of the Securities.

6. Maximum Exercise Amount

If so indicated in the Conditions, the Issuer will have the option to limit the number of Securities exercisable on any date (other than the final exercise date) to the maximum number so specified and, in conjunction with such limitation, to limit the number of Securities exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Securities being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer has elected to limit the number of Securities exercisable on such date, a holder of Securities may not be able to exercise on such date all the Securities that it desires to exercise. In any such case, the number of Securities to be exercised on such date will be reduced until the total number of Securities exercised on such date no longer exceeds such maximum (unless the Issuer otherwise elects), such Securities being selected as specified in the Conditions. Securities tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Securities may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

7. Minimum Exercise Amount

If so indicated in the Conditions, a holder of Securities must tender a specified minimum number of the Securities at any one time in order to exercise the Securities. Thus holders with fewer than the specified minimum number of such Securities will either have to sell their Securities or purchase additional Securities, incurring transaction costs in each case, in order to realise a return on their investment, and may incur the risk that the trading price of the Securities at that time is different from, in the case of Securities settled in cash ("**Cash Settled Securities**"), the applicable Cash Settlement Amount or, in the case of Securities settled by way of physical delivery ("**Physical Delivery Securities**"), the difference between the value of the applicable underlying asset and the exercise price, in each case upon exercise.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

8. Option to Settle in Cash or by Physical Delivery

If so indicated in the Conditions, the Issuer will have the option to settle in cash or by physical delivery.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

9. Market Disruption Events

If so indicated in the Conditions, the Calculation Agent may determine that a Market Disruption Event has occurred or exists at a relevant time. Any such determination may have an affect on the value of the Securities and/or may delay settlement in respect of the Securities.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

10. Settlement Risk

If so indicated in the Conditions, the Calculation Agent may determine that a Settlement Disruption Event is subsisting. Any such determination may affect the value of the Securities and/or may delay settlement in respect of the Securities.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

11. Time Lag After Exercise

If the Securities are Cash Settled Securities and are subject to provisions relating to exercise, then, upon their exercise, there will be a time lag between the time a holder of the Securities gives instructions to exercise and the time the applicable Cash Settlement Amount relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of such Cash Settled Securities arising from, as described above, any daily maximum exercise limitation or, as described above, upon the determination by the Calculation Agent that a Market Disruption Event occurred at any relevant time. The applicable Cash Settlement Amount could decrease or increase from what it would have been but for such delay.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

12. Exercise or Delivery Notice and Certifications

If the Securities are subject to provisions concerning delivery of an Exercise or Delivery Notice and such notice is received by either the relevant Clearing Agent with a copy to the Principal Agent after the latest time specified in the Conditions, it will not be deemed to be duly delivered until the next following Business Day. Such deemed delay may in the case of Cash Settled Securities increase or decrease the Cash Settlement Amount from what it would have been but for such deemed delivery. In the case of Securities which are exercisable on one day only or only during an exercise period any Exercise Notice, if not delivered by the latest time specified in the Conditions, shall be void.

If the Securities require a Delivery Notice to be delivered before close of business in the place of receipt on the Cut-off Date, then delivery after the Cut-off Date may result in a delay in the delivery of the applicable Share Amount.

The failure to deliver any certifications required by the Conditions could result in the loss or inability to receive amounts or deliveries otherwise due under the Securities.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

Securities not exercised in accordance with the Conditions will expire worthless.

13. Taxation

Potential purchasers and sellers of the Securities should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Securities are transferred. Securityholders are subject to the provisions of General Condition 6 and payment and/or delivery of any amount due in respect of the Securities will be conditional upon the payment of any Securityholder Expenses as provided in the Product Conditions.

Potential purchasers who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

14. Early Termination for Extraordinary Reasons, Illegality and Force Majeure

If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Securities has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Securities for any reason, the Issuer may at its discretion and without obligation terminate early the Securities. If the Issuer terminates early the Securities, the Issuer will, if and to the extent permitted by applicable law, pay the holder of each such Security an amount determined by the Calculation Agent to be its fair market value notwithstanding the illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements.

GENERAL TAXATION INFORMATION

1. General

Purchasers and/or sellers of Securities may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of transfer in addition to the issue price or purchase price (if different) of the Securities.

General Condition 6 (Taxation) in the General Conditions should be considered carefully by all potential purchasers of any Securities.

Transactions involving the Securities (including purchases, transfers, exercise or non-exercise or redemption), the accrual or receipt of any interest payable on the Securities and the death of a holder of any Securities may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax status of the potential purchaser and may relate to stamp duty, stamp duty reserve tax, income tax, corporation tax, capital gains tax and inheritance tax.

Potential purchasers of Securities are advised to consult their own tax advisors as to the tax consequences of transactions involving the Securities.

2. Stamp Duty and Withholding Tax in Germany

The following paragraphs, which are intended as a general guide only, are based on current German law. They summarise certain aspects of German taxation only which may be applicable to the Securities but do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Securities. In particular, this general summary does not consider any specific facts or circumstances that may apply to a particular purchaser. Potential purchasers of the Securities who are in any doubt about their tax position on purchase, ownership, transfer or exercise or non-exercise or redemption, as the case may be, of any Security should consult their own tax advisers.

The purchase or sale of a Security is not subject to stamp, value added or similar taxes or charges in Germany, regardless of the place of issuance, execution and delivery of the Security.

Payments in respect of interest (if any) made in respect of a Security to its holder if made by an Agent having its specified office in Germany or any other financial institution in Germany or if made by the Issuer from Germany may be subject to withholding tax.

3. Stamp Duty and Withholding Tax in the United Kingdom

The following paragraphs, which are intended as a general guide only, are based on current legislation and United Kingdom Inland Revenue practice. They summarise certain aspects of United Kingdom taxation only which may be applicable to the Securities but do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Securities. In particular, this general summary does not consider any specific facts or circumstances that may apply to a particular purchaser. Potential purchasers of the Securities who are in any doubt about their tax position on purchase, ownership, transfer or exercise or non-exercise or redemption, as the case may be, of any Security should consult their own tax advisers.

A purchaser of a Security may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the purchase price of such Security.

Potential purchasers of the Securities should note that the Global Security may constitute an instrument which is subject to United Kingdom stamp duty on issue by reference to the amount of the consideration paid or the value of the Security. However, the Global Security will be executed and delivered outside the United Kingdom and should not be brought into

the United Kingdom save for the purposes of enforcement. So long as the Global Security is held outside the United Kingdom, it will not be necessary to pay United Kingdom stamp duty or interest or penalties in connection therewith. However, if the Global Security were brought into the United Kingdom (for example, for enforcement purposes), United Kingdom stamp duty may be required to be paid on the Global Security (subject to the availability of exemptions and reliefs). In addition, where the Global Security is executed outside the United Kingdom and is subsequently brought into the United Kingdom and stamped, interest on the amount of the unpaid stamp duty will be payable in addition to the stamp duty in respect of the period from the expiry of 30 days from the date of execution of the Global Security to the date of stamping, unless the Global Security is stamped within 30 days of execution, in which case no interest is payable. No penalties are payable where the Global Security is executed outside the United Kingdom and subsequently brought into the United Kingdom and stamped, provided the Global Security is stamped within 30 days of being brought into the United Kingdom. If the Global Security is subject to United Kingdom stamp duty, it would be inadmissible in evidence in civil (as opposed to criminal) proceedings in an English court unless duly stamped.

The comments above relate to United Kingdom stamp duty on issue only.

Any interest payable on the Securities, any original issue discount in respect of the Securities and/or any proceeds on redemption or exercise of the Securities will not be subject to United Kingdom withholding tax.

GENERAL SELLING AND TRANSFER RESTRICTIONS

1. General

The distribution of this document and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about and to observe any such restrictions.

2. United States of America

The Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and trading in the Securities has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act (the “**Commodity Exchange Act**”). No Securities, or interests therein, may at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. No Securities may be exercised or redeemed by or on behalf of a U.S. person or a person within the United States. As used herein, “**United States**” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and “**U.S. person**” means (i) an individual who is a resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC’s regulations by virtue of its participants being non-U.S. persons; or (vii) any other “U.S. person” as such term may be defined in Regulation S under the Securities Act or in regulations adopted under the Commodity Exchange Act.

GENERAL INFORMATION RELATING TO THE ISSUER

1. History and Current Business

Deutsche Bank Aktiengesellschaft ("**Deutsche Bank AG**") originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg Deutsche Bank Aktiengesellschaft West, Düsseldorf, and Süddeutsche Bank Aktiengesellschaft, Munich. Pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May, 1957. Deutsche Bank AG's registration number is HRB 30 000. Deutsche Bank AG has its registered office in Frankfurt am Main, Germany.

The activities of the Deutsche Bank Group include traditional deposit-taking and lending business for private clients, corporates and public sector entities, including mortgage lending, payment transactions, securities brokerage for customers, asset management, investment banking, project finance, structured finance, trade finance, money and foreign exchange dealings, insurance and building savings business (*Bauspargeschäft*), as well as custody services, cash management, payment and securities settlement, and payment cards and point of sale services. As at 31 December, 2001, the Deutsche Bank Group maintained 2,099 branches worldwide.

As at 31 December, 2001 the share capital of Deutsche Bank AG amounts to Euro 1,591,215,221.76 consisting of 621,568,446 registered non par-value shares.

Deutsche Bank AG London is the London branch of the Deutsche Bank AG.

2. Authorisation

The issue of the Securities has been duly authorised by the Issuer pursuant to its constitutive documents.

3. Use of Proceeds

The Issuer intends to apply the net proceeds from the issue of the Securities for its general corporate purposes. A substantial portion of the proceeds from the issue of the Securities may be used to hedge market risk with respect to the Securities.

4. Auditor

The independent auditor of the Issuer is KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**KPMG**") of Marie-Curie-Strasse 30, 60439 Frankfurt am Main, Germany.

KPMG has audited the Annual Financial Statements of the Issuer in accordance with the German Commercial Code as of 31 December, 1999, 2000 and 2001 and has given the unqualified endorsement provided for by law. In addition, KPMG has audited the Consolidated Financial Statements of the Deutsche Bank Group as of 31 December, 1999, 2000 and 2001 in accordance with International Accounting Standards (IAS) and as of 31 December 2001 in accordance with the US Generally Accepted Accounting Principles and has given an unqualified endorsement.

5. Board of Managing Directors and Supervisory Board

The business address of all the members of Deutsche Bank AG's Board of Managing Directors and Supervisory Board is Taunusanlage 12, 60262 Frankfurt am Main, Germany.

6. Interim Financial Statements

The Issuer publishes Consolidated Interim Financial Statements for the periods ending on 31 March, 30 June and 30 September in each year.

7. Annual Financial Statements

The Consolidated Annual Financial Statements of Deutsche Bank AG as at 31 December, 2001 are reproduced on the following pages. Copies of the Annual Report dated as at 31 December, 2001 are available free of charge at the specified office of each Agent.

Management Discussion Operating and Financial Review and Prospects

You should read the following discussion and analysis in conjunction with the consolidated financial statements and the related notes to them included in this document, on which we have based this discussion and analysis. Our consolidated financial statements for the years ended December 31, 2001, 2000 and 1999 have been audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, as described in the "Independent Auditors' Report".

Critical Accounting Policies

We have prepared all of the consolidated financial information in this document in accordance with U.S. GAAP. In preparing our consolidated financial statements in accordance with U.S. GAAP, we make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

We have identified the following accounting policies as critical to the understanding of our results of operations, since the application of these policies requires significant management assumptions and estimates that could result in materially different amounts to be reported if conditions or underlying circumstances were to change.

Allowance for Loan Losses. We maintain an allowance for loan losses for exposures in our portfolio that represents our estimate of probable losses in our loan portfolio. Determining the allowance for loan losses requires significant management judgments and estimates including, among others, our ongoing risk assessment of our customers' ability to pay and/or the fair value of underlying collateral. If actual events prove the estimates and assumptions we used in determining the allowance for loan losses to have been incorrect, we may need to make additional provisions for loan losses. For further discussion on our allowance for loan losses, see our Risk Report and Note [1] to the consolidated financial statements.

Impairment of Assets other than Loans. Certain assets, including goodwill and other intangible assets, direct investments (including venture capital companies and nonmarketable securities), securities available for sale, and premises and equipment, are subject to an impairment review. We record asset impairment charges when we believe an asset has experienced an other than temporary decline in value, or its cost may not be recoverable. Future impairment charges may be required if triggering events occur, such as adverse market conditions, suggesting deterioration in an asset's recoverability or fair value. Assessment of the timing of when such declines become other than temporary and/or the amount of such impairment is a matter of significant judgment.

Deferred Tax Asset Valuation Allowances. We recognize deferred tax assets and liabilities for the estimated future tax effects of temporary differences, net operating loss carryforwards and tax credits. We recognize deferred tax assets subject to management's judgment based on available evidence that realization is more likely than not and they are reduced, if necessary, by a valuation reserve. In the event that we determine that we would not be able to realize all or part of our net deferred tax assets in the future, an adjustment to our deferred tax assets would be charged to income tax expense in the period such determination was made.

Fair Value Estimates. Quoted market prices in active markets are the most reliable measure of fair value. However, quoted market prices for certain instruments, investments and activities, such as non-exchange traded contracts and venture capital companies, are not available. In these cases, the determination of fair value requires us to make estimates and certain assumptions. These may not produce a fair value determination that reflects net realizable value.

Management Reporting

We have prepared the financial information appearing in this document about our group divisions, as well as other information we identify, on the basis of our management reporting systems. Our management reporting systems are not necessarily based on U.S. GAAP, but instead on our internal reporting systems and methodologies for managing our Group Divisions, assessing their results internally and allocating our internal resources. For information on our management reporting systems, and for a discussion of the major differences between our management reporting figures and our consolidated financial statements under U.S. GAAP, see “– Results of Operations by Segment – Reconciliation of our Segmental Results of Operations to Consolidated Results of Operations according to U.S. GAAP”.

Effects of German Tax Reform Legislation and Accounting for Income Taxes

You should note in reviewing our results of operations that the financial accounting treatment under U.S. GAAP for income tax rate changes results in a negative impact on our results of operations in 2001, a large positive impact in 2000, and a much smaller positive effect in 1999. These impacts totaled an expense of € 995 million in 2001, a benefit of € 9.3 billion in 2000 and a benefit of € 951 million in 1999. We therefore recommend that you also consider our net income for 2001, 2000 and 1999 excluding the effect of the impact of changes in income tax rates when you compare 2001, 2000 and 1999 to one another and to earlier and future periods.

Two important tax law changes occurred in 1999 and 2000 that affected and will continue to affect our net income. In 1999, the German government reduced the corporate income tax rate on retained profits from 45 % to 40 %. In October 2000, the German government enacted comprehensive tax reform legislation.

The comprehensive tax reform legislation in 2000 contained two major changes relevant to our corporate taxation:

- The corporate income tax rate declined, beginning on January 1, 2001, to 25 % for all corporate profits. Until the end of 2000, the rates were 40 % for retained profits and 30 % for distributed profits.
- The tax rate applicable to capital gains on the sale of equity securities eligible under the legislation will, beginning on January 1, 2002, be reduced to zero. Until that date, the tax rate that applies to capital gains on these sales is the same as the tax rate applicable to ordinary income. For 2000, this tax rate change resulted in a tax benefit of € 9.0 billion.

The following is a description of the accounting treatment for these income tax rate changes and its effects on our results of operations.

U.S. GAAP requires us to record all unrealized gains on available for sale securities, net of the related deferred tax provisions, in other comprehensive income. The deferred tax provisions are based on the excess of the fair value of these securities over our tax basis in them. At the end of each reporting period, we record deferred tax provisions and related deferred taxes payable based on the change in the unrealized gain for that period using the effective income tax rate we expect will apply in the period we expect to realize the gain. Since both the unrealized gains and the related deferred tax provision are recorded in other comprehensive income, neither the unrealized gains nor the deferred tax provision affects net income in that period.

U.S. GAAP also requires that, in a period that includes the date on which new tax rates are enacted, companies must adjust all of the deferred tax assets and liabilities they have recorded. These adjustments to deferred tax assets and liabilities reflect the new effective tax rates that will apply in the periods in which the temporary differences that led to the creation of the deferred items are expected to be reversed. The changes in tax law we describe above required us to make these types of adjustments in 1999 and 2000. Because our available for sale securities include an extensive portfolio of eligible equity securities that have appreciated substantially in value, we had a significant amount of related deferred tax liabilities. These deferred tax liabilities were substantially reduced as

a result of this new legislation. The elimination of the German tax on the capital gains on sales of eligible equity securities is responsible for the majority of the income tax benefit we recognized in 2000.

Most of the eligible equity securities are among our industrial holdings. We acquired many of these industrial holdings, most of which we classify as available for sale securities under U.S. GAAP, many years ago, and most of them have appreciated in value considerably over that time. Since we intend to sell these industrial holdings in the most tax-efficient and commercially prudent manner possible, the estimated effective tax rate we applied to these unrealized gains when the new tax rate changes were enacted was essentially zero. As a result, most of the reductions in deferred tax liabilities associated with unrealized gains on our eligible equity securities related to our industrial holdings.

Although we record the deferred tax provisions directly to other comprehensive income for unrealized gains on available for sale securities, U.S. GAAP nevertheless requires that this adjustment to the related deferred tax liabilities for a change in expected effective income tax rates be recorded as an adjustment of income tax expense in the period the tax rate change is enacted.

The adjustment to deferred tax liabilities related to eligible equity securities, however, does not result in an adjustment to the deferred tax provisions that have accumulated in other comprehensive income. These accumulated provisions remain in other comprehensive income until the related securities are sold, and they are then recognized as tax expense in the period of the sale. As such, certain possible effects of our accounting for income tax rate changes related to our eligible equity securities on our results of operations are as follows:

- When we sell each eligible equity security, we will recognize tax expense in the period of its sale equal to that investment security's share of the deferred tax provisions that had accumulated in other comprehensive income on the tax rate change dates. The amount we had accumulated in other comprehensive income related to our eligible equity securities was approximately

- € 5.9 billion on December 31, 2001 and € 6.9 billion on December 31, 2000.
- This means that, regardless of the size of the realized gains, if any, on future sales of these eligible equity securities, there will be significant income tax expense in the periods of the sales. This expense will offset part or all of that gain or add to any loss when calculating net income.
- Although we have recognized in 2000 a significant deferred tax benefit as a result of the tax rate changes related to eligible equity securities and will record significant deferred tax expense in the years these securities are sold, any realized gains on these securities starting in 2002 will not result in any taxes actually payable in cash in the periods of the sales or any other time, unless the rates are changed again before we sell the securities. In other words, all of the deferred tax benefit and expense amounts are non-cash items. In addition, when we reverse the related deferred tax provisions through the income tax expense line item, there will be no effect on our total shareholders' equity. This is because the deferred tax provisions, which we accumulate in other comprehensive income, and retained earnings, where the non-cash income tax expense will have its effect, are both components of shareholders' equity. As a consequence, the accounting for income tax rate changes related to eligible equity securities may result in significant impacts on our results of operations in periods in which we sell these securities. This effect is illustrated in 2001 when we sold portions of our eligible equity securities. The gains resulting from most of these sales will not be subject to tax until 2002, when the applicable tax rate will be zero. We reversed the deferred taxes accumulated in other comprehensive income, as of December 31, 2000, in respect of these securities. We recognized this as tax expense of € 995 million in 2001 even though there is no tax actually payable on the gains.

Effects of Derivative Transactions and SFAS 133

The implementation of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133") on January 1, 2001 changed the way we account for our derivatives activities. This change in accounting affects the comparability of certain line items in our consolidated financial statements in which we report derivatives activities.

Prior to our implementation of SFAS 133, we marked the derivatives we entered into for trading purposes to market and reported the changes in their fair values in trading revenues. We accounted for derivatives qualifying for hedge accounting under the accounting standards then in effect as off-balance sheet transactions and recorded interest receivable or payable on an accrual basis.

With our implementation of SFAS 133, we mark all derivatives to market on our balance sheet. The income statement classification of the changes in fair value is dependent upon whether the derivative qualifies for hedge accounting, and, if so, the nature of the item being hedged.

See Note [1] to the consolidated financial statements for a further explanation of SFAS 133.

The results of our use of derivative contracts are included in our Consolidated Statement of Income as follows:

- We include changes in the fair value of derivatives traded on behalf of customers and for our own account in trading revenues.
- We recognize changes in the fair value of derivatives used to manage interest rate risk that qualify for fair value hedge accounting in earnings along with and in the same line as the changes in the fair value of the hedged asset or liability.
- We mark changes in the fair value of derivatives used as economic hedges of interest rate, foreign exchange, and investment risk that do not qualify for hedge accounting to market and include the gains and losses in trading revenues.
- When we implemented SFAS 133 in 2001, we recorded an expense of € 207 million after tax as a cumulative effect of accounting change.

Significant Acquisitions and Divestitures

The following recent acquisitions were instrumental in broadening our product and service offerings:

- **Crédit Lyonnais Belgium S.A./N.V.** Acquired in February 1999, we renamed this entity Deutsche Bank S.A./N.V. With this acquisition, we strengthened our retail, private and corporate banking activities in Europe.
- **Bankers Trust Corporation.** Acquired in June 1999, Bankers Trust strengthened our presence in the United States and internationally, especially in corporate and investment banking, asset management and private banking.
- **Prudential U.K. Institutional Asset Management business.** This acquisition in March 2000 strengthened our institutional asset management, especially in the United Kingdom.
- **Deutsche Bank 24 Spolka Akcyjna – formerly: Bank Współpracy Regionalnej S.A. (BWR).** The acquisition of a 92.55% stake in BWR in several stages in the first half of 2000 strengthened our personal banking platform in Poland.
- **First Australian Property Group Holdings Pty. Ltd.** This acquisition in July 2000 allowed us to extend our position in the Australian asset management market.
- **National Discount Brokers Group, Inc.** We acquired National Discount Brokers Group (which we call NDB) in 2000 in two phases to strengthen our U.S. market making business. We sold NDB's online brokerage business in September 2001, as we describe below.
- **Banque Worms S.A.** Acquired in April 2001, this company is engaged in personal banking, corporate banking and asset management in France and Switzerland.
- **AXA Australia Property Fund Management Ltd.** This acquisition from AXA Australia Ltd. in June 2001 strengthened our real estate asset management capabilities, especially in Australia.

In December 2001, we signed agreements with Zurich Financial Services (which we call Zurich) to, acquire the greater part of Zurich's asset management businesses (excluding its U.K. operations) and to sell to Zurich the

greater part of our insurance business, most of which we hold through Versicherungsholding der Deutschen Bank AG. We expect to close these transactions in the second quarter of 2002, pending satisfaction of certain conditions. This transaction could fail to occur, or could occur on a substantially different basis than we describe here. (At the date of acquisition, we plan to book a restructuring charge related to the consolidation of the two groups. The amount of the restructuring charge is not yet known.)

As part of our policy of active portfolio management, we have also disposed of non-core activities such as Boulouin Aviation Services Inc. This divestiture in February 2001 allowed us to exit the highly capital-intensive aircraft leasing business.

In May 2001, we also sold our European asset finance and leasing business that served mid-size companies and our European fleet management services business.

On September 6, 2001, we sold NDB's online brokerage business to Ameritrade Holding Corp. for approximately U.S. \$ 154 million in Ameritrade common stock. NDB had conducted its online trading business through its subsidiary National Discount Brokers Corporation (which we call NDB.com). Following the closing of the sale, we own approximately 13 % of Ameritrade common stock. We have retained NDB's institutional market making business.

Other than our acquisition of Bankers Trust, none of these acquisitions or dispositions had a material effect on our business, although we believe that each of them is important to our strategy and/or growth in our chosen businesses and regions. We believe that the acquisition of Zurich Scudder Investments will significantly strengthen our Asset Management position in the United States.

Operating Results

You should read the following discussion and analysis in conjunction with the consolidated financial statements.

Overview

The following table presents our condensed consolidated statement of income for 2001, 2000 and 1999.

in € m.	2001	2000	1999
Net interest revenues	8,620	7,028	7,994
Provision for loan losses	1,024	478	725
Net interest revenues after provision for loan losses	7,596	6,550	7,269
Commissions and fee income	10,727	11,693	7,967
Trading revenues, net	6,031	7,625	2,127
Other noninterest revenues	4,243	8,133	6,944
Total noninterest revenues	21,001	27,451	17,038
Total net revenues	28,597	34,001	24,307
Compensation and benefits	13,360	13,526	9,655
Goodwill amortization	951	771	486
Restructuring activities	294	125	459
Other noninterest expenses	12,189	12,710	11,356
Total noninterest expenses	26,794	27,132	21,956
Income before income tax expense (benefit) and cumulative effect of accounting changes	1,803	6,869	2,351
Income tax expense	434	2,643	1,689
Income tax expense (benefit) from the change in effective tax rate and the reversing effect ⁽¹⁾	995	(9,287)	(951)
Income before cumulative effect of accounting changes, net of tax	374	13,513	1,613
Cumulative effect of accounting changes, net of tax ⁽²⁾	(207)	–	–
Net income^{(1) (2)}	167	13,513	1,613

⁽¹⁾ These figures reflect income tax expense of € 995 million in 2001, € 9.3 billion of income tax benefit in 2000 and € 951 million of income tax benefit in 1999. This income tax expense (benefit) resulted from changes in effective tax rates pursuant to German tax law and the reversing effects. We describe these changes and their effects above in "Effects of German Tax Reform Legislation and Accounting for Income Taxes". The next table presents these figures excluding these effects.

⁽²⁾ In 2001, this figure reflects the cumulative effect of changes in accounting principle. We describe these changes and their effects on our Consolidated Statement of Income below in "Impact of Changes in Accounting Principles".

The following table shows our net income excluding the effects of the tax rate changes we describe above:

in € m. (except per share amounts)	2001	Per Share (basic)	2000	Per Share (basic)	1999	Per Share (basic)
Net income	167	€ 0.27	13,513	€ 22.00	1,613	€ 2.76
Income tax expense (benefit) from the change in effective tax rate and the reversing effect	995	€ 1.61	(9,287)	€ (15.12)	(951)	€ (1.63)
Net income without the effect of the tax rate changes	1,162	€ 1.88	4,226	€ 6.88	662	€ 1.13

Net income was € 167 million in 2001, which includes tax expense of € 995 million representing the reversal of tax benefits recorded in prior years for the effect of German tax law changes. Net income was further reduced by the € 207 million cumulative effect of accounting changes. Net income in 2000 of € 13.5 billion included a benefit from those German tax law changes of € 9.3 billion. Excluding the effect of tax law changes in both years, net income would have been € 1.2 billion in 2001 and € 4.2 billion in 2000. Further excluding the cumulative effect of accounting changes in 2001 net income would have been € 1.4 billion in 2001 and € 4.2 billion in 2000.

Our net income in 2000 was € 13.5 billion, compared to € 1.6 billion in 1999. The majority of this increase was attributable to the income tax benefit from German tax law changes of € 9.3 billion. This resulted from the reduction of € 9.0 billion of deferred taxes primarily on eligible equity securities in our portfolio of securities available for sale.

If we exclude the effect of tax rate changes, our net income in 2000 would have been € 4.2 billion compared with the € 662 million in net income we would have had in 1999. A significant portion of the change in components

of net income was a result of the full-year effect of the Bankers Trust acquisition.

Basic earnings per share were € 0.27 in 2001, as compared to € 22.00 in 2000. Excluding the tax rate change effects and cumulative effects of accounting changes, our basic earnings per share would have been € 2.21 in 2001 and € 6.88 in 2000.

Basic earnings per share increased € 19.24 to € 22.00 in 2000, as compared to € 2.76 in 1999. Excluding the tax rate changes, our basic earnings per share would have been € 6.88 in 2000 and € 1.13 in 1999.

Net Interest Revenues

Our net interest revenues in any period depend primarily on the following:

- the amounts and kinds of assets and liabilities we have, and the kinds of revenues they generate and expenses they incur;
- general levels of and trends in interest rates; and
- to a lesser extent, trends in exchange rates.

The following table sets forth data relating to our net interest revenues:

in € m.	2001	2000	1999
Net interest revenues	8,620	7,028	7,994
Average interest-earning assets ⁽¹⁾	877,727	898,514	739,715
Average interest-bearing liabilities ⁽¹⁾	783,710	815,867	655,038
Gross interest yield ⁽²⁾	6.11 %	6.14 %	5.43 %
Gross interest rate paid ⁽³⁾	5.74 %	5.90 %	4.91 %
Net interest spread ⁽⁴⁾	0.37 %	0.24 %	0.52 %
Net interest margin ⁽⁵⁾	0.98 %	0.78 %	1.08 %

⁽¹⁾ Average balances for each year are calculated based upon month-end balances.

⁽²⁾ Gross interest yield is the average interest rate earned on our average interest-earning assets.

⁽³⁾ Gross interest rate paid is the average interest rate we paid on our average interest-bearing liabilities.

⁽⁴⁾ Net interest spread is the difference between the average interest rate earned on average interest-earning assets and the average interest rate paid on average interest-bearing liabilities.

⁽⁵⁾ Net interest margin is net interest revenues expressed as a percentage of average interest-earning assets.

Net interest revenues were € 8.6 billion in 2001, an increase of € 1.6 billion, or 23 %, as compared to 2000. Our net interest revenues were € 7.0 billion in 2000, a decrease of € 966 million, or 12 %, as compared to 1999.

Both our net interest spread and our net interest margin increased in 2001, after having declined substantially in 2000.

The increase in net interest revenues in 2001 occurred because, while both our interest revenues and our interest expenses decreased, the decrease in interest expenses was proportionally greater. Interest expenses decreased € 3.1 billion, or 6%, between 2000 and 2001, while interest revenues declined € 1.5 billion, or 3%. The main reason for this was that our interest revenues on our trading portfolio increased substantially (by € 1.1 billion, or 8%, in 2001 compared to 2000), even as interest revenues in the other major categories declined. In 2000, by contrast, a year in which both interest revenues and interest expense increased substantially compared to 1999, the € 16.0 billion, or 50%, increase in our interest expense outstripped the € 15.0 billion, or 37%, increase in interest revenues.

We believe that the change in our mix of businesses is the single most important factor driving the general development of net interest revenues, net interest margin and net interest spread during recent years. We have experienced a continuing shift in the mix of our business towards investment banking activities, including trading, and asset management. These businesses not only generate noninterest revenues, such as trading revenues and commissions and fee income, but they also generate net interest revenues. Trading assets are the largest category of our assets that behave in this manner. They produce both interest income and trading revenues, and our costs of trading liabilities and other funding of the trading assets include both interest and noninterest expenses. As we have changed our asset and liability structure to emphasize our trading businesses, we have become less focused on earnings from net interest revenues or net trading revenues in isolation. We instead manage our business by reference to the total revenues our trading portfolio generates, including interest and noninterest revenues, and our total costs of carrying them, including interest and noninterest expenses. The proportion of interest and noninterest revenues and expenses our trading portfolio generates in any period is a function of market conditions, the opportunities available to our trading units and the strategies they adopt and instruments they use in response. To give you what we believe is a more comprehensive indication

of the performance of our trading businesses, we consider our trading related interest revenues and expenses together with our other trading revenues and expenses below under "Trading revenues".

The development of our net interest spread is also attributable to a significant extent to the accounting treatment of some of our derivative transactions. We enter into derivative transactions as economic hedges of the interest rate risks of our non-trading assets and liabilities. As we discuss above under "Effects of Derivative Transactions and SFAS 133", some of these derivatives qualify as hedges for accounting purposes while others do not. When derivative transactions qualify as hedges for accounting purposes, the interest flows arising from the derivatives appear in interest revenues and expense, where they compensate the interest flows from the assets and liabilities they are intended to hedge. When derivatives do not qualify for hedge accounting treatment, the interest flows that arose from the derivatives during any period all appear in trading revenues for that period. Derivative transactions that did not qualify for hedge accounting treatment produced net interest cash flows, which we included in trading revenues, of € 259 million of revenues in 2001, € 105 million of revenues in 2000 and € 970 million of expenses in 1999. Had these transactions all qualified as hedges, our net interest revenues would have increased € 1.7 billion between 2000 and 2001, rather than increasing € 1.6 billion, as we report; and our net interest revenues would have increased € 109 million between 1999 and 2000, rather than decreasing € 966 million as we report.

Before 2001, many of our derivative transactions did not qualify as hedges for accounting purposes because we did not, at the time we entered into them, document them contemporaneously in the manner U.S. GAAP requires for them to qualify. While we adopted SFAS 133 beginning in 2001 such that some of these kinds of derivative transactions qualify as hedges for accounting purposes, we continue to enter into derivative transactions that, while intended as economic hedges, do not qualify for hedge accounting treatment. We do this when we believe that the economic advantages of adopting non-qualifying hedges, such as hedges on the cash flows from a pool of

assets or liabilities, outweigh the potential disadvantages for us of recognizing any gains or losses each period. Gain or loss recognition each period may be disadvantageous for us because recognizing the gains and losses from our nonqualifying derivative transactions in every period over their lifetimes may increase our earnings volatility on a period to period basis. This is true even though the net gain or loss on the transactions themselves over their lifetimes is identical whether we recognize gain or loss each period or only at the end of the transactions when we recognize any gain or loss on the underlying items we are hedging as an economic matter.

The largest single category of our interest-earning assets continues to be our loans, despite their declining share of our total average interest-earning assets in recent years. Loans accounted for 32 % of our average interest-earning assets in 2001, 34 % in 2000 and 35 % in 1999. Our loan portfolio earned an average yield in 2001 of 21 basis points below that of 2000 as interest rates declined rather substantially in our major markets. In 2000, in an environment characterized by generally increasing interest rates, our loan portfolio earned an average yield only 26 basis points above that of 1999. In each year, part of the changes in yield on our loan portfolio also relates to our changing mix of assets.

While we believe that the changing mix of our assets, together with the effects of our accounting for derivatives transactions, account for most of the movements in our net interest revenues, interest rates and exchange rates were also contributors. As noted above, interest rates decreased rather substantially in our major markets in 2001, particularly in the United States and to a lesser extent in Germany and the other euro zone countries. In 2000, by contrast, interest rates in our major markets increased, particularly in the United States, in Germany and in the other euro zone countries. The euro has declined against the U.S. dollar and other major currencies in the first years after its introduction and then remained in a fairly narrow band during 2001. We cannot quantify the impacts of each of these factors, but we believe, based on the volumes of assets affected, that they had considerably less impact than did our changing mix of businesses.

Interest Revenues

The table below sets forth a breakdown of our interest revenues for 2001, 2000 and 1999:

in € m.	2001	2000	1999
Interest on interest-earning deposits in other banks			
In German offices	788	472	542
In non-German offices	2,124	1,831	1,908
Total	2,912	2,303	2,450
Interest on central bank funds sold			
In German offices	0	0	0
In non-German offices	91	137	118
Total	91	137	118
Interest income on securities purchased under resale agreements			
In German offices	628	746	922
In non-German offices	7,507	7,124	6,637
Total	8,135	7,870	7,559
Interest on securities borrowed			
In German offices	179	20	20
In non-German offices	5,148	6,624	3,141
Total	5,327	6,644	3,161
Interest and dividend income on securities available for sale and other investments			
In German offices	2,728	2,175	1,717
In non-German offices	983	1,181	1,265
Total	3,711	3,356	2,982
Interest on loans			
In German offices	9,781	10,742	10,056
In non-German offices	7,838	9,395	5,892
Total	17,619	20,137	15,948
Interest on trading assets			
In German offices	3,035	3,008	2,276
In non-German offices	12,536	11,431	5,535
Total	15,571	14,439	7,811
Other interest revenues	273	245	113
Total interest revenues	53,639	55,131	40,142

Our total interest revenues decreased € 1.5 billion, or 3 %, between 2000 and 2001. The following are the primary categories of interest-earning assets that affected total interest revenues:

- **Interest on loans** decreased € 2.5 billion or 13 % in 2001, as compared to 2000. This resulted primarily from a 10 % decrease in our average balance of loans. Almost 90 % of the decline in the average balance of loans occurred outside Germany. Our average yield on our loans decreased only slightly from 6.50 % in 2000 to 6.29 % in 2001. Much of the decrease in our loan portfolio related to shorter-term credit we extended ancillary to other businesses outside Germany. In our domestic market, average loan volume remained basically unchanged and the interest yield on these loans declined to 6.00 % in 2001, as compared to 6.45 % in 2000, in line with the overall decrease in market rates.
- **Interest on securities borrowed** decreased € 1.3 billion in 2001 as compared to 2000. The decrease was the result of an 18 % decrease in the average balance of these assets, particularly as a result of the general conditions in the equities markets, which led to less business activities. We continue to conduct this business predominantly outside Germany.
- **Interest on trading assets** increased € 1.1 billion, or 8 %, between 2001 and 2000, due to the higher average volume of interest-earning securities we held in our trading portfolio outside Germany.

Our total interest revenues increased € 15.0 billion, or 37 %, between 1999 and 2000. Our increased interest revenue was due to growth across our business and, to a lesser extent, higher interest rates. The following are the primary categories of interest-earning assets that drove the increase:

- **Interest on trading assets** increased € 6.6 billion, or 85 %, between 1999 and 2000, due to increased interest rates and the higher volume of debt securities we held in our trading portfolio. Our average balance of trading assets increased 40 % from 1999 to 2000, and our average yield on them increased substantially, from 4.59 % in 1999 to 6.06 % in 2000. Nearly three-quarters of these assets were located outside Germany in 2000

and nearly 90 % of the increase in interest on trading assets came from outside Germany.

- **Interest on loans** increased € 4.2 billion or 26 % in 2000, as compared to 1999. This resulted primarily from a 21 % increase in our average balance of loans. Most of the growth on the average balance of loans, or 85 %, occurred outside Germany. Our average yield on our loans increased only slightly from 6.24 % in 1999 to 6.50 % in 2000, although interest rates increased in our major markets. This is partly due to our changing mix of assets. Much of the increase in our loan portfolio related to shorter-term credit we extended ancillary to other businesses. The interest we earned on many of these loans did not keep pace with increases in interest rates in 2000.
- **Interest on securities** borrowed more than doubled in 2000 as compared to 1999. The increase was the result of a 72 % increase in the average balance of these assets, particularly in equities and, to a slightly lesser extent, in bonds. This resulted from organic growth in this activity, which resulted from increased market activity and higher asset values. Our average yield on these assets increased from 5.49 % in 1999 to 6.69 % in 2000. We conduct this business almost exclusively outside Germany.

Interest Expense

The table below shows a breakdown of our interest expense for 2001, 2000 and 1999:

in € m.	2001	2000	1999
Interest on deposits			
In German offices	3,169	3,877	3,357
In non-German offices	12,555	13,020	7,885
Total	15,724	16,897	11,242
Interest on trading liabilities			
In German offices	1,033	2,486	1,277
In non-German offices	4,690	3,799	2,237
Total	5,723	6,285	3,514
Interest on securities sold under repurchase agreements			
In German offices	702	776	273
In non-German offices	9,685	9,589	7,104
Total	10,387	10,365	7,377
Interest on securities loaned			
In German offices	144	55	68
In non-German offices	1,758	2,106	1,381
Total	1,902	2,161	1,449
Interest on other short-term borrowings			
In German offices	291	194	307
In non-German offices	1,787	3,128	1,265
Total	2,078	3,322	1,572
Interest on long-term debt, including trust preferred securities			
In German offices	4,366	4,367	3,908
In non-German offices	4,839	4,706	3,086
Total	9,205	9,073	6,994
Total interest expense	45,019	48,103	32,148

Our total interest expense decreased € 3.1 billion, or 6 %, between 2000 and 2001. The major contributors to the variance were the following:

- **Interest on other short-term borrowings** decreased € 1.2 billion, or 37 %, from 2000 to 2001. The decrease occurred in our non-German offices, with 75 % of this decrease attributable to the lower average rate of 4.14 %, as compared to 6.76 % in 2000, and 25 % from reduced borrowing activities.
- **Interest on deposits** decreased € 1.2 billion, or 7 %, in 2001 compared to 2000. This decrease arose from a reduction of 94 basis points in the average rate paid on time deposits, while there was a relatively stable average volume compared to 2000. Time deposits outside Germany are still the largest single category of our average interest bearing liabilities, representing 53 % of total average interest bearing deposits and 24 % of average total interest bearing liabilities in 2001.

– **Interest on trading liabilities** decreased € 562 million, or 9 %, in 2001 as compared to 2000, largely due to decreased short positions in securities. This is interest we pay on securities we have sold, but do not yet own. On average during 2001, we held 81 % of these liabilities in our trading businesses outside Germany and 82 % of the related interest expense was incurred outside Germany.

– **Interest on long-term debt, including trust preferred securities** increased € 132 million, or 1 %, in 2001 compared to 2000 due to an increased volume of long-term debt issued to replace shorter-term funding, while the average rate paid decreased from 6.04 % in 2000 to 5.66 % in 2001.

Our total interest expense increased € 16.0 billion, or 50 %, between 1999 and 2000. Our increased interest expense has, like our interest revenues, arisen primarily from growth across our businesses, as well as from increased market interest rates in the first half of 2000.

The major contributors to the increase were the following:

– **Interest on deposits** increased 50 % in 2000 compared to 1999. Of this amount, interest on deposits from banks contributed most substantially, amounting to € 9.3 billion in 2000, an increase of € 4.3 billion, or 86 %, as compared to 1999. This increase, mostly arising from interest on time deposits, but also substantially arising from demand deposits, developed as a result of both higher average deposit balances and higher average interest rates. Our average interest rate paid on deposits was 3.60 % in 1999 and 4.56 % in 2000. Volume growth was attributable to the expansion of our former Global Corporates and Institutions Division (now within our Corporate and Investment Bank Group Division). Nearly all of the volume increase, and over 90 % of the increase in interest expense, was outside Germany.

– **Interest on securities sold under repurchase agreements** increased by 41 % in 2000 compared to 1999. This was due mostly to a large increase in the average rate we paid on them, from 7.50 % in 1999 to 9.32 % in 2000, as well as to our increased use of these as funding sources. Our average balance of securities sold under agreements to repurchase was € 111.3 billion in

2000, an increase of 13 % between 1999 and 2000.

We conduct this business almost exclusively outside Germany.

– **Interest on trading liabilities** increased 79 % in 2000 as compared to 1999, largely due to increased volumes of these liabilities. We hold most of these liabilities in our trading businesses outside Germany, and over half of the increased interest expense was outside Germany. Interest expense we paid on short positions on debt securities in our trading portfolios accounted for the substantial majority of this increase. The increase was concentrated mainly in our former Global Corporates and Institutions Division (now within our Corporate and Investment Bank Group Division) and was a product of the expansion of our business in the fixed income area.

– **Interest on long-term debt, including trust preferred securities** increased € 2.1 billion, or 30 %, in 2000 as compared to 1999. The increase was more pronounced outside Germany. This increase arose primarily from increased interest expense on long-term debt issued to partially fund our acquisition of Bankers Trust and from the full-year impact of long-term debt we assumed in the Bankers Trust acquisition. Our average interest rate paid on our long-term debt was 6.04 % in 2000 and 5.76 % in 1999.

– **Interest on other short-term borrowings** increased € 1.8 billion, or 111 %, from 1999 to 2000 due to increased average balances in non-German offices.

Provision for Loan Losses

Our provision for loan losses consists of changes to the allowances we carry for credit losses on loans. The allowance consists of a specific loan loss component, which relates to specific loans, and an inherent loss component. The inherent loss component consists of a country risk allowance, an allowance for smaller-balance standardized loans and an additional inherent loss component to cover losses in our loan portfolio we have not identified on an individual basis.

The provision for loan losses was € 1.0 billion in 2001, an increase of € 546 million, or 114 %, over the € 478 million recorded in 2000. The 2001 provision is composed of net new specific loan loss provisions and other inherent loss provisions, offset in part by net reductions of country risk provisions. Our total new specific loan loss provision amounted to € 951 million in 2001 and € 805 million in

2000. Most of this increase was due to less favorable economic conditions in the last quarter of 2001. In that final quarter we increased our specific loan loss provisions in connection with a single U.S. borrower in the utility sector and various Argentine exposures and on our leveraged structured finance activities.

Our provision for loan losses was € 478 million in 2000, a decrease of € 247 million, or 34 %, as compared to 1999. This amount is composed of net new specific provisions offset by releases of other inherent loss and country risk provisions. Our total new specific loan loss provision amounted to € 805 million in 2000, € 121 million less than in 1999. Most of this decrease was due to a higher than usual provision in 1999 due to a significant exposure to a single German borrower in the real estate industry. In addition, the decrease reflects a general improvement in the quality of our loan portfolio during 2000.

Noninterest Revenues

in € m.	2001	2000	1999
Commissions and fee revenues	10,727	11,693	7,967
Trading revenues, net	6,031	7,625	2,127
Insurance premiums	2,717	2,837	3,011
Net gains on securities available for sale	1,516	3,670	2,150
Other noninterest revenues	10	1,626	1,783
Total	21,001	27,451	17,038

Our noninterest revenues were € 21.0 billion in 2001, a decrease of € 6.5 billion, or 23 %, as compared to the € 27.5 billion reported in 2000.

The primary driver behind the decline in noninterest revenues was the weakness of the financial markets in 2001 which deteriorated further after the terrorist acts of September 11. The weak markets negatively affected these revenues in 2001 as compared with 2000 in several major ways:

- Deteriorating securities prices led to a reduction in realized and unrealized gains on positions we held for trading purposes;

- We made lower revenues in businesses where our commissions or fees are based on the value of the client assets managed or on our performance in managing them;
- We had reduced customer transaction volumes in many of our businesses; and
- We had write-downs and valuation adjustments of our own investments.

Our noninterest revenues were € 27.5 billion in 2000, an increase of € 10.4 billion, or 61 %, as compared to 1999. Increased revenues from trading were by far the most significant source of this increase, reflecting in particular the expansion of our equities trading activities as well as higher transaction volumes at generally higher asset prices than in 1999.

The primary driver behind the growth in non-interest revenues was the strength of the financial markets. The strong markets assisted the growth in our non-interest revenues in 2000 as compared with 1999 in several major ways:

- Increasing prices frequently led to greater gains on our securities portfolio;
- Higher securities prices generally led to higher revenues in businesses where we charged commissions as a percentage of the value of assets or in similar ways; and
- Increasing prices also led to very active markets, with high transaction volumes in many of our businesses.

A secondary driver in the growth in our noninterest revenues in 2000 was our acquisition of Bankers Trust. We generally cannot separate the year to year effect of the Bankers Trust acquisition from our growth for other reasons, including the strong markets. However, we believe that the volumes of assets and transactions the acquisition brought to us played an important role in increasing our overall level of transactions and other activity. Since Bankers Trust was part of our consolidated group for all of 2000 and 2001, we did not experience the comparative increase in our net revenues that the acquisition produced in comparing 2000 to 1999.

Trading revenues, net. We account for our trading activities on a mark-to-market basis. Trading revenues as reported in our consolidated statement of income include both realized and unrealized gains and losses on the positions we hold in our trading portfolio and net interest revenues on derivatives we hold for trading purposes. For a general description of our trading portfolio, see Note [4] to the consolidated financial statements.

Our trading revenues were € 6.0 billion in 2001, a decrease of € 1.6 billion, or 21 %, as compared to 2000.

The decrease in trading revenues was partially due to difficult market conditions in 2001, which led to lower transaction volume in equities trading. This was partially offset by the impact of marking to market derivatives we entered into for non-trading purposes but which did not qualify for hedge accounting treatment. Trading revenues were € 7.6 billion in 2000, an increase of € 5.5 billion, or more than double that of 1999. The strong markets that continued until late in 2000 assisted this result, as did the further establishment of our trading businesses.

We believe, however, that you should analyze more than our net trading revenues to assess the performance of our trading operations. Trading revenues do not include the following items that are part of the revenue and expense streams our trading businesses generate:

- Interest income on trading assets, which appears in interest revenues;
- Interest expense on trading liabilities, which appears in interest expense; and
- The cost of funding our net trading positions, which appears in other items across our consolidated statement of income.

As we note above under “net interest revenues”, market conditions, changing opportunities and our trading units’ responses to them lead to changes in the composition of our trading inventories, which in turn cause changes from period to period in the mix of revenues and expenses our trading activities generate. In 2001, for example, the generally weak equity markets in comparison with early 2000, and the generally strong fixed income markets, led investors, including us, to favor less risky investment strategies. Our trading units accordingly found more value in fixed income related trading positions, which generally produce a mix of revenues and expenses containing a higher proportion of interest than do equity related positions. Accordingly, we do not manage our trading business on the basis of either trading revenues or net interest revenues relating to trading activities in isolation, and we encourage you likewise to take into account both trading revenues and the related interest component. For this reason, we describe in the following discussion a measure we call “trading performance”. This measure is not pro-

vided for in U.S. GAAP, and, because we may calculate it in a different manner than other companies who may report similarly named measures, we discourage you from comparing it to any measures other companies report without analyzing how they calculate these measures. However, we do believe that trading performance is a useful measure for comparing the results of our trading activities from period to period.

The following tables and narrative indicate how we arrive at trading performance.

First, we calculate a measure we call "net trading related interest." Net trading related interest includes the following elements:

- Interest revenues from our trading assets;
- Interest expenses from our trading liabilities;
- Interest expense and interest revenues representing the funding cost or benefit associated with our trading positions; and

- Adjustment for net interest revenues from non-trading derivatives that do not qualify for hedge accounting treatment.

We calculate the funding cost or benefit on a continuous basis based on identifiable transactions which directly fund the positions, to the extent there are identifiable transactions, and on the basis of the average cost or benefit across our average balances of trading assets and liabilities, and their corresponding market funding rates.

We adjust trading revenues for net interest revenues from non-trading derivatives that do not qualify for hedge accounting treatment. Had these transactions qualified as hedges for accounting purposes, the net interest cash flows associated with them would have been reported as net interest revenues.

The following table shows the components of net trading related interest:

in € m.	2001	2000	1999
Interest revenues on trading assets	15,571	14,439	7,811
Interest expense on trading liabilities	5,723	6,285	3,514
Funding cost	8,204	8,188	3,363
Trading related interest (included in net interest)	1,644	(34)	934
Interest from non-qualifying derivatives (included in trading revenues)	(259)	(105)	970
Net trading related interest	1,385	(139)	1,904

As interest revenues on our trading assets, interest expense on our trading liabilities and the funding cost/benefit are included in net interest revenues, the table indicates the total of these items as "trading related interest"

before adjustment for the net interest revenues from non-trading derivatives that do not qualify for hedge accounting treatment (non-qualifying derivatives).

The following table combines trading revenues according to U.S. GAAP with the net trading related interest to arrive at to our measure of trading performance:

in € m.	2001			2000			1999		
	Trading revenues reported	Net Trading related interest ⁽¹⁾	Trading performance	Trading revenues reported	Net Trading related interest ⁽¹⁾	Trading performance	Trading revenues reported	Net Trading related interest ⁽¹⁾	Trading performance
Interest and credit trading	2,203	1,070	3,273	1,740	958	2,698	820	527	1,347
Equity trading	1,632	471	2,103	3,550	(609)	2,941	1,759	(80)	1,679
Foreign exchange, metal, commodity trading	1,385	(6)	1,379	1,102	(12)	1,090	655	26	681
Other trading ⁽²⁾	811	(150)	661	1,233	(476)	757	(1,107)	1,431	324
Total	6,031	1,385	7,416	7,625	(139)	7,486	2,127	1,904	4,031

⁽¹⁾ Includes interest income from trading assets and interest expense from trading liabilities, as well as allocations of interest expense and income representing the funding cost or benefit associated with trading positions. These amounts are included in net interest revenue in the Consolidated Statement of Income. Also adjusts net interest revenues on derivatives entered into for non-trading purposes, but failing to qualify for hedge accounting treatment.

⁽²⁾ Includes gains and losses from non-trading derivatives not qualifying for hedge accounting treatment.

Our trading performance decreased by € 70 million, or 1 %, in 2001. Our performance in equity trading in particular suffered from the adverse market conditions and decreased by € 838 million, or 28 %. On the other hand, however, a number of trading businesses achieved revenue growth despite the difficult environment in 2001, compensating for the decline in equities. Interest and credit related trading performance increased by € 575 million, or 21 %, because of record revenues in trading in debt securities and over-the-counter interest and credit derivatives. Foreign exchange, metals and commodities trading had another successful year, as we were able to benefit from our leading market position in foreign exchange trading with a 27 % increase in trading performance. Other trading performance includes € 686 million gains from derivative transactions entered into for non-trading purposes, but not qualifying for hedge accounting. This represents an increase of € 226 million over the € 460 million recognized in 2000. The fact that significant revenue was recorded in 2001 is largely due to forward contracts on certain of our industrial holdings which fail to qualify for hedge accounting treatment.

In 2000 trading performance increased by € 3.5 billion as compared with 1999. Increased trading performance

in equities, both securities and derivatives, provided the primary contribution to the overall increase in trading performance. Our business in this area had become more firmly established by 2000, and the strong markets in early 2000 presented our clients and us with increased opportunities for large transaction volumes in equities. These opportunities diminished by the end of 2000. Increasing asset values and high market liquidity in early 2000 generally also contributed to this result. Trading in over-the-counter derivatives was another significant source of this increase, most notably reflecting the expansion of our global credit derivatives business as this product became increasingly important as a credit risk management tool in the financial markets generally. Foreign exchange trading also contributed substantially, primarily from activity in Europe, but also from activity in North America and the Asia-Pacific region, which was contributed by the full-year effect of the former operations of Bankers Trust.

Commissions and fee revenues. The following table shows the principal components of our commissions and fee revenues in 2001, 2000 and 1999:

in € m.	2001	2000	1999
Commissions and fees from fiduciary activities			
Commissions for administration	643	466	305
Commissions for asset management	2,798	3,222	2,005
Commissions for other securities business	96	220	117
Total	3,537	3,908	2,427
Commissions, broker's fees, markups on securities underwriting and other securities activities			
Underwriting and advisory fees	1,774	2,226	1,165
Brokerage fees	2,819	3,033	2,068
Total	4,593	5,259	3,233
Fees for other customer services	2,597	2,526	2,307
Total commissions and fees	10,727	11,693	7,967

Commissions and fees from fiduciary activities amounted to € 3.5 billion in 2001, a decrease of € 371 million, or 9 %, which was primarily due to lower management and performance fees in asset management, offset in part by increased commissions for administration.

Commissions and fees from fiduciary activities were € 3.9 billion in 2000, an increase of € 1.5 billion, or 61 %, as compared to 1999. This increase arose primarily from a rise in commissions for asset management, which in turn reflected:

- volume growth in our asset management and custody businesses due to the Bankers Trust acquisition;
- growth in fees we base on the number of transactions we execute, fees we base on our performance, and sales loads we charge in our asset management businesses, all of which were positively impacted by the strong market environment of early 2000; and
- growth in fees we charge based on the value of the assets we manage given higher asset prices.

Underwriting and advisory fees decreased by € 452 million, or 20 %, to € 1.8 billion in 2001 from the € 2.2 billion we earned in 2000. The slowdown in capital markets activity that began in the first half of 2000 continued

through 2001, and caused lower activities in our issuing and advisory business.

Underwriting and advisory fees amounted to € 2.2 billion in 2000, an increase of € 1.1 billion, or 91 %, as compared to 1999. This increase reflected the full-year effect of the acquisition of Bankers Trust, the positive market conditions and the expansion of our investment banking activities. The buoyant capital markets through early 2000 and the strong pace of new issues and mergers and acquisition activity, together with generally increasing asset prices, led to growth in revenues in 2000 in most of our underwriting and advisory businesses, although activity slowed markedly late in the year.

Brokerage fees were € 2.8 billion in 2001, a decrease of € 214 million, or 7 % as compared to 2000, as weak financial market conditions caused significant customer restraint and brokerage transaction volume declined.

Brokerage fees amounted to € 3.0 billion in 2000, an increase of 47 %, as compared to 1999. This increase reflected the positive market conditions, which led to increased value-related transaction fees and higher transaction volume, and the expansion of our brokerage activities, especially in the first half of the year.

Insurance premiums. Insurance premiums were € 2.7 billion in 2001, a decrease of € 120 million or 4 % compared to 2000. In December 2001, we signed agreements with Zurich Financial Services (which we call Zurich) to acquire the greater part of Zurich's asset management businesses (excluding its U.K. operations) and to sell to Zurich the greater part of our insurance business, including our subsidiaries in Germany, Spain, Italy and Portugal. We expect the transaction to close in mid-2002, pending regulatory approval and other actions. Following the sale, we will continue to exclusively distribute insurance products from our former subsidiaries to our private and retail clients in the respective countries.

Insurance premiums were € 2.8 billion in 2000, a decrease of € 174 million, or 6 %, as compared to 1999. This represented a decline in gross premiums written, particularly in our Deutsche Herold life insurance business, reflecting a very successful year in 1999. In 1999, we observed substantial public interest in insurance products because of reports that Germany would increase taxes on yields earned from insurance policies, which caused a rush to purchase products before effectiveness of any new tax law. No such law was enacted. The decline also reflects the increasing trend in Germany towards unit-linked life insurance. Amounts paid in for these instruments, in which a large portion of the policyholders' premiums is invested in investment funds, are to this extent booked directly on the balance sheet as insurance policy claims and reserves and do not appear in our revenues. For further information on insurance assets and liabilities, see Note [21] to the consolidated financial statements.

Net gains on securities available for sale. Gains on securities available for sale were € 1.5 billion in 2001, a decrease of € 2.2 billion, or 59 %, compared to 2000. In 2001, we disposed of approximately 25 % of our holding in Munich Re which accounted for approximately 90 % of our net gains on sales. We held 7.2 % of Munich Re's shares at December 31, 2001.

Gains on securities available for sale were € 3.7 billion in 2000, an increase of € 1.5 billion, or 71 %, as compared to 1999. The major drivers in both years were our sales of shares of Allianz AG, which accounted for approximately 60 % of the net gain in each year. In 1999, we disposed of 25 % of our holdings in Allianz, and in 2000 we disposed of 42 % of our remaining holdings in Allianz. We held 4.2 % of Allianz's shares at December 31, 2000 and 4.0 % of Allianz's shares at December 31, 2001.

As our strategy with respect to our industrial holdings is to significantly reduce the size of, and maximize value from, our industrial holdings, we expect that we will continue to sell portions of these holdings.

Excluding these transactions, a substantial portion of the decrease between 2000 and 2001 was due to write-downs of available for sale securities for other than temporary impairment. A substantial portion of the increase between 1999 and 2000 was due to sales of equity securities by our insurance business, which decided to sell positions and reinvest the proceeds in order to permit policyholders to participate in the gains from its activities in equity securities in the strong stock markets.

The 2000 amount of gains on securities available for sale included a € 337 million gain we recognized when we transferred some mutual funds from securities available for sale to our trading portfolio. We transferred these mutual funds when we determined that our management of the market risk in these securities would be enhanced by moving responsibility for them to the risk managers of our trading portfolio.

Other noninterest revenues. Other noninterest revenues were negatively affected by the deteriorated capital market conditions, which deteriorated further after the terrorist acts of September 11. In 2001, we recorded € 1.4 billion of net write-downs and valuation adjustments on our own investments within other noninterest revenues as compared to approximately € 200 million in such charges in 2000.

Other noninterest revenues were € 1.6 billion in 2000, a decrease of € 157 million, or 8.8 %, as compared to € 1.8 billion in 1999. The decrease in other noninterest revenue was due in part to the inclusion in 1999 of a € 576 million gain on the currency swap we put in place on the U.S. dollar purchase of Bankers Trust.

Noninterest Expenses

in € m.	2001	2000	1999
Compensation and benefits	13,360	13,526	9,655
Other noninterest expenses	9,187	8,707	7,500
Policyholder benefits and claims	3,002	4,003	3,856
Goodwill amortization	951	771	486
Restructuring activities	294	125	459
Total	26,794	27,132	21,956

Compensation and benefits were € 13.4 billion in 2001, a decrease of 1 % from 2000. This was our largest category of noninterest expenses. The impact of inflationary salary increases and continued selective expansion in some of our businesses as well as an increase in severance payments and the buy-out of the remaining Global Equity Plans was offset by a decrease in bonus and other special payments as well as reductions of workforce in other areas. Although a comparison of year end total full-time staff shows a decline from 2000 to 2001, the average number of full-time staff increased slightly compared to 2000, primarily as a result of the acquisition of National Discount Brokers Group, Inc. in November 2000. Approximately 40 % of our compensation and benefits in 2001 were due to special payments, including performance driven and target based bonus payments, largely based on pretax profitability. Given the poorer results in 2001, performance driven and target based bonus payments declined in 2001 compared to 2000. Although bonus payments are based on targets or performance, retention considerations precluded a proportionate decline in special payments.

Compensation and benefits were € 13.5 billion in 2000, an increase of € 3.9 billion, or 40 %, from 1999. The most significant effect was in our Corporate and Investment Bank Group Division. The Asset Management Corporate Division also contributed substantially to the increase. The average number of full-time staff increased by 10,196, or 13 %, in 2000 as compared to 1999, primarily as a result of the Bankers Trust acquisition, which contributed approximately 5,000 new staff members to the increase. In addition, high asset prices and our performance gave rise to higher bonuses. Approximately half of our salaries and employee benefits in 2000 were due to special payments, including performance-driven and target-based bonus payments that were largely based on pretax profitability.

Other noninterest expenses. Net occupancy expense was € 1.3 billion in 2001, an increase of € 244 million, or 22 %, from 2000. This increase reflects new leases, buy-outs of redundant leases no longer required and refurbishments of properties.

Net occupancy expense was € 1.1 billion in 2000, an increase of € 68 million, or 7 %, from 1999, primarily reflecting increased rental expenses from operating leases as a result of the full-year inclusion of Bankers Trust.

Furniture and equipment expenses were € 2.9 billion in 2001, a decrease of € 102 million, or 3 %, as compared to 2000. The greatest component of furniture and equipment expenses was attributable to our IT environment. Information Technology consulting fees and programming costs primarily related to development of our information technology were reclassified to this category from agency and other professional service fees as well as from communication expenses where they were reported in prior years. Prior period amounts have been reclassified accordingly.

Furniture and equipment expenses were € 3.1 billion in 2000 after reclassification of IT-related costs, an increase of € 689 million, or 29 %, as compared to 1999, primarily reflecting increased information technology costs arising from e-commerce activities, as well as general increases attributable to the inclusion of Bankers Trust for a full year. In both cases, the most significant effect was seen in our Corporate and Investment Bank Group Division.

Agency and other professional service fees were € 1.1 billion in 2001, a decrease of € 71 million, or 6 %, from 2000. This decrease arose primarily from a decline in demand for consultants. Communication and data services increased by € 76 million, or 13 % to € 642 million in 2001 from 2000 mainly due to higher rent, maintenance costs for software and data communications equipment and higher telephone and line charges compared to 2000.

Agency and other professional service fees were € 1.2 billion in 2000 after reclassification of IT-related costs, an increase of € 332 million, or 41 %, from 1999. This increase arose primarily from consulting fees. Mainly because of our acquisition of Bankers Trust, communica-

tion and data services increased € 163 million, or 40 %, to € 566 million in 2000 from € 403 million in 1999.

Other expenses in 2000 included a provision of € 50 million in 2000 to a foundation called "Foundation for Remembrance, Responsibility and the Future". We had already provided for nearly all of the remainder of our € 153 million contribution to this foundation in 1998. This foundation, which German companies, including ourselves, and the German government agreed to establish, is providing financial payments to victims of forced labor and other injustices under the National Socialist regime. The DM 10 billion foundation is being funded in equal amounts by German companies and the German government.

Policyholder benefits and claims. Policyholder benefits and claims include claims payments, allocations to our loss reserves from property/casualty and assumed reinsurance business, payments to policyholders and additions to reserves and liabilities in favor of policyholders. Policyholder benefits and claims, which arise from our insurance activities, were € 3.0 billion in 2001, a 25 % reduction compared to 2000. This reduction reflects lower allocation for the benefit of policyholders from the annual surplus of our insurance affiliates in line with decreased net gains on securities available for sale and reduced insurance revenues.

These expenses were € 4.0 billion in 2000, an increase of € 147 million, or 4 %, as compared to 1999, reflecting the growth of our business in this area.

Goodwill amortization. Goodwill amortization was € 951 million in 2001, an increase of € 180 million, or 23 %, as compared to 2000. In 2001, the amortization of the Bankers Trust goodwill was € 514 million, compared to € 501 million in 2000. The amortization of the Morgan Grenfell goodwill was € 62 million. For National Discount Brokers Group, Inc. we amortized € 43 million of goodwill in 2001 compared to € 4.8 million in 2000.

Goodwill amortization was € 771 million in 2000, an increase of € 285 million, or 59 %, as compared to 1999, resulting primarily from the inclusion for a full year of Bankers Trust. The amortization on the Bankers Trust goodwill was € 501 million in 2000 as compared to € 256 million in 1999.

Restructuring activities. We recorded € 294 million of expenses in restructuring activities in 2001, € 125 million in 2000 and € 459 million in 1999. The expenses related to the following restructuring plans:

in € m.	2001	2000	1999
Group Restructuring	294	–	–
Bankers Trust	–	(20)	392
Personal Banking	–	136	–
Other	–	9	67
Total	294	125	459

The Group recorded a pre-tax charge of € 294 million in the fourth quarter of 2001 related to a restructuring plan affecting both of our main group divisions: the Corporate and Investment Bank Group Division (CIB) and the Private Clients and Asset Management Group Division (PCAM). Of the total € 294 million, € 213 million related to the restructuring measures in CIB and € 81 million related to PCAM. A total of approximately 2,400 staff, across all levels of the Group, are impacted by the restructuring plan.

The restructuring in CIB covers steps to be taken as a result of changing market conditions in the year 2001 and to give further effect to the CIB organizational and business model that was created during 2001. It primarily impacts CIB's customer coverage and relationship management processes, certain aspects of the cash management, custody and trade finance businesses of Global Transaction Banking and the related elements of the settlement, infrastructure and real estate support functions.

The plan also includes the further streamlining of the senior management structure in PCAM as a consequence of the re-organization of this group division's operations, including real estate support.

When we acquired Bankers Trust in June 1999, we began a restructuring program designed to assist our integration of the Bankers Trust businesses with our own, reduce overlaps and reorient several business areas. We recorded restructuring liabilities totaling € 866 million in connection with two separate restructuring plans. Of the restructuring liabilities, we recorded € 596 million in June 1999 reflecting severance and other termination-related costs. A significant amount (€ 474 million) of these costs related to severance and other termination-related costs paid to employees of Bankers Trust. We recognized these

costs as a liability when we acquired Bankers Trust. Since this liability reduced the value of the net assets we acquired, we recognized € 474 million in June 1999 directly to goodwill. The remaining costs, totaling € 122 million, were attributable to employees and properties of our existing organization. We therefore expensed these costs as restructuring activities.

During the fourth quarter of 1999, we recorded additional expenses in restructuring activities of € 270 million in severance and other termination-related costs in connection with our continuing efforts to streamline support functions and realign some business activities.

As a result of these restructuring plans, we planned for a reduction of approximately 3,300 positions. This reduction affected multiple levels of employees throughout the Group.

During 2000, we completed all of the significant restructuring initiatives, eliminating approximately 2,700 positions and utilizing € 834 million of our restructuring liabilities. We therefore released the € 32 million of the restructuring liability that remained after we had completed the restructuring program.

We also recorded restructuring activities in 2000 totaling € 136 million in connection with a plan for Deutsche Bank 24 to consolidate its branch offices and its related back-office functions. Of this amount, approximately € 100 million was for severance and other termination-related costs attributable to approximately 1,000 positions, and € 36 million was for other costs primarily related to lease terminations. All actions contemplated in the plan were completed during 2001.

As of December 31, 2000, € 85 million of the remaining reserve balance related to severance and other termination-related costs for further staff reductions of approximately 900 positions and € 36 million related to lease terminations.

In addition to the above plans, we also recorded restructuring liabilities of € 67 million in 1999 and € 37 million in 2000 for other restructuring plans. These other restructuring plans included primarily the streamlining of our transaction processing product delivery and providing for business realignments and consolidation activities. The

plans we recorded in 1999, contemplated staff reductions of 600 positions. However, due to a higher than expected level of employee attrition, we did not terminate 400 positions as originally planned. Primarily as a result of this change in severance plans, we released a total of € 28 million of the liabilities we recorded in 1999. Under the restructuring plans we recorded in 2000, we planned to eliminate a total of 400 employee positions. We eliminated 300 of these positions in 2000 and eliminated 100 of these positions in 2001.

For further information on our restructuring activities, see Note [23] to the consolidated financial statements.

During 2002, we intend to record restructuring charges related to the completion of our Group restructuring efforts as well as in connection with our acquisition of the greater part of Zurich's asset management business (excluding its U.K. operations). These restructuring plans will relate primarily to the involuntary termination of employees, including severance and other termination-related costs, and are expected to be recorded during the first half of 2002.

Income Tax Expense (Benefit)

Income tax expense in 2001 was € 1.4 billion, as compared to income tax benefit of € 6.6 billion in 2000 and income tax expense of € 738 million in 1999. The above differences are primarily attributable to the accounting for effects of German income tax rate changes that were enacted in 1999 and 2000. The tax benefit attributable to these changes was € 951 million in 1999 and € 9.3 billion in 2000. In 2001 there was tax expense of € 995 million as a result of the reversal of the deferred taxes accumulated in other comprehensive income at December 31, 2000, due to actual sales of equity securities. We expect further reversal of tax expense in future years as additional equity securities are disposed of. Excluding the effects of changes in German tax rates our effective tax rates were 24 % in 2001, 38 % in 2000 and 72 % in 1999.

The major reason for the decrease in adjusted 2001 tax rate as compared to 2000 was the impact of capital gains that are tax exempt. The adjusted tax rate in 1999 was high primarily due to losses in some of our legal entities outside Germany for which we determined that we could not record tax benefits for use in future periods.

Cumulative Effect of Accounting Changes

Effective January 1, 2001, we adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires companies to recognize all derivatives on the balance sheet as assets or liabilities measured at fair value. The change in a derivative's fair value is generally recognized in current period earnings or equity. Upon adoption of SFAS 133, we recorded a net transition expense of € 207 million, after tax, as a cumulative effect of a change in accounting principle in the consolidated statement of income. This amount was primarily due to the adjustment required to bring certain embedded derivatives to fair value and to adjust the carrying amount of the related host contracts (items in which the derivatives are embedded) at January 1, 2001, pursuant to the SFAS 133 transition provisions for embedded derivatives that must be accounted for separately.

Results of Operations by Segment

We revised our management reporting systems in 2001 to reflect the following changes:

- We reflected our new organizational structure;
- We changed the format of our statement of income for management accounting purposes, to present the same line items as in our consolidated financial statement under U.S. GAAP; and
- We allocated the cost of the Corporate Center across our divisions.

New Organizational Structure. On February 1, 2001, we adopted our new organizational structure, realigning the structure of our activities from five business divisions into three group divisions. In addition, we have a service function called DB Services, that provides corporate services, information technology, consulting and transaction services to our entire organization. Finally, we have a Corporate Center to house those functions that support our cross-divisional management.

The **Corporate and Investment Bank Group Division** serves all of our corporate and institutional clients, ranging from small- and medium-sized enterprises to multinational corporations. By combining within one group division our Corporate Banking & Securities activities with our Global Transaction Banking activities, we have integrated services we previously provided in the Corporates and Real Estate Division, the Global Corporates and Institutions Division and the Global Institutional Services business area of the Global Technology and Services Division.

The **Private Clients and Asset Management Group Division** integrates, on a global basis, all of our activities for private clients, as well as our active and passive asset management activities for both private and institutional clients. Within this group division, we manage these activities in three global corporate divisions: Personal Banking, Private Banking, and Asset Management.

Within the **Corporate Investments Group Division**, we combine our principal investment activities. This unit manages our principal investments in private equity and venture capital and our real estate holding companies, as well as our industrial investments. Our principal investments held by DB Investor, which were previously reported in the reconciliation of the results of the business segments to the consolidated financial statements, are now included in this group division. In addition, Corporate Investments covers strategic investments as well as activities which do not belong to the Group's core business.

The figures reported for the years 2000 and 1999 have been restated to make them comparable to 2001.

Format of our Statement of Income. Beginning in 2001, our management reporting systems follow the same format as our Consolidated Statement of Income. As a result we no longer have reclassifications among the line items between our management reporting systems and our consolidated financial statements under U.S. GAAP. We have described the most significant changes below:

- Components previously reported as **balance of other expenses (income)** within our management reporting systems are now reflected either as revenues or as noninterest expenses.
- Revenues of our **insurance business** were previously reported net of policyholder benefits and claims as revenues within our management reporting systems. We now report these components gross as revenues and noninterest expenses.
- **Restructuring expenses (benefit)** were previously reported as a separate line item in our management reporting systems. We now include them as noninterest expenses.
- **Credit losses on lending-related commitments** were previously reported under provisions for losses on loans and advances in our management reporting systems. We now include them as noninterest expenses.

The figures reported for the years 2000 and 1999 have been restated to make them comparable to 2001.

Allocation of Corporate Center costs. We previously reported our Corporate Center as a separate unit in our management reporting systems. Beginning in 2001, we fully allocate the costs of our Corporate Center within the noninterest expense line. As a consequence, the Corporate Center contains no material result components and is no longer reported separately.

The figures reported for the years 2000 and 1999 have been restated to make them comparable to 2001.

General information on our management reporting systems. As discussed above, our management reporting systems are not necessarily based on U.S. GAAP, but instead on our internal reporting systems and methodologies for managing our divisions, assessing their results internally and allocating our internal resources. These systems and methodologies may be different than those other financial institutions use, and you should consider this in making any comparisons with other financial institutions.

The process we use in our management reporting systems allocates revenues and expenses among our business segments. Because our business activities are diverse in nature and our operations are integrated, we make estimates and judgments where appropriate to apportion our revenue and expense items among our business segments. Our management reporting systems follow the "matched transfer pricing concept," in which we allocate our external net interest revenues among our business segments based on the assumption that we fund or invest all of our assets and liabilities in the money and capital markets. To create comparability with competitors who have legally independent units that have their own equity funding, we allocate the notional interest we receive on our consolidated capital proportionally among our business segments as part of their net interest revenues.

Reconciliation of our Segmental Results of our Operations to Consolidated Results of Operations According to U.S. GAAP

The following table and discussion provide a reconciliation of the total results of operations and total assets of our business segments under our management reporting systems to the consolidated financial statements prepared in accordance with U.S. GAAP for the years ended December 31, 2001, 2000 and 1999.

in € m.	2001			2000			1999		
	Total Management Reporting	Adjustments	Total consolidated (U.S. GAAP)	Total Management Reporting	Adjustments	Total consolidated (U.S. GAAP)	Total Management Reporting	Adjustments	Total consolidated (U.S. GAAP)
Net revenues ⁽¹⁾	30,397	(776)	29,621	33,961	518	34,479	25,919	(887)	25,032
Provision for loan Losses	1,015	9	1,024	477	1	478	699	26	725
Noninterest expenses	26,042	752	26,794	25,918	1,214	27,132	20,955	1,001	21,956
Income before income taxes⁽²⁾	3,340	(1,537)	1,803	7,566	(697)	6,869	4,265	(1,914)	2,351
Total assets	896,800	21,422	918,222	885,796	43,198	928,994	794,142	81,647	875,789

⁽¹⁾ Net interest revenues and noninterest revenues.

⁽²⁾ In 2001, before cumulative effect of accounting changes.

There are two primary categories of adjustments which we record to reconcile the total results according to management reporting to the consolidated U.S. GAAP financial statements. These adjustments include differences in accounting methods used for management reporting versus U.S. GAAP and adjustments relating to activities outside the management responsibility of the business segments.

Net revenues. We made negative adjustments to net revenues amounting to € 0.8 billion in 2001. Significant negative adjustments due to different accounting methods used for management reporting versus U.S. GAAP included approximately € 0.2 billion for equity method investments, approximately € 0.2 billion for tax credits on dividends and approximately € 0.2 billion for the elimination of income earned on own bonds. They were partly offset by positive adjustments of approximately € 0.2 billion for entities which were not consolidated for management reporting purposes. The remaining negative adjustments were mainly due to a loss of approximately € 0.3 billion from internally hedging stock compensation plans.

We made adjustments to net revenues amounting to € 0.5 billion in 2000. Significant adjustments related to different accounting methods used for management reporting versus U.S. GAAP included approximately € 0.2 billion for equity method investments and approximately € 0.6 billion for entities which were not consolidated for manage-

ment reporting purposes. The remaining negative adjustments of € 0.3 billion were due to other accounting differences and to corporate items outside the management responsibility of the business segments.

We made negative adjustments to net revenues amounting to € 0.9 billion in 1999. Significant negative adjustments related to different accounting methods used for management reporting versus U.S. GAAP included approximately € 0.1 billion for equity method investments, approximately € 0.2 billion for the elimination of income earned on own bonds and approximately € 0.4 billion for entities which were not consolidated for management reporting purposes. The remaining negative adjustments of € 0.2 billion were due to other accounting differences and to corporate items outside the management responsibility of the business segments.

Any item relating to different accounting methods used for management reporting versus U.S. GAAP not appearing in each of the years 2001, 2000 and 1999 was included in other accounting differences as the amounts were not significant.

Provision for loan losses. The adjustments primarily reflected provisions for loan losses, none of which was individually material, which are not under the management responsibility of the business segments.

Noninterest expenses. We made adjustments to non-interest expenses amounting to € 0.8 billion in 2001. Significant adjustments due to different accounting methods used for management reporting versus U.S. GAAP included approximately € 0.4 billion for share compensation expense (including the buy-out costs for the Global Equity Plan), approximately € 0.2 billion for entities not consolidated for management reporting purposes, approximately € 0.1 billion for timing differences in the recognition and presentation of restructuring activities, approximately € 0.1 billion expenses for minority interests and approximately € 0.1 billion for goodwill amortization expense. The remaining positive adjustment of € 0.1 billion was connected with internally hedging stock compensation plans.

We made adjustments to noninterest expenses amounting to € 1.2 billion in 2000. Significant adjustments related to different accounting methods used for management reporting versus U.S. GAAP included approximately € 0.4 billion for share compensation expense, approximately € 0.4 billion for timing differences in the recognition and presentation of restructuring activities, approximately 0.2 billion for entities not consolidated for management reporting purposes, approximately € 0.1 billion expenses for minority interests and approximately € 0.1 billion for goodwill amortization expense.

We made adjustments to noninterest expenses amounting to € 1.0 billion in 1999. Significant adjustments related to different accounting methods used for management reporting versus U.S. GAAP included approximately € 0.2 billion for share compensation expense, approximately € 0.2 billion for timing differences in the recognition and presentation of restructuring activities, approximately € 0.1 billion for entities not consolidated for management reporting purposes and approximately € 0.1 billion for expenses for minority interests. The remaining adjustments of € 0.4 billion were due to other accounting differences and to corporate items outside the management responsibility of the business segments.

Any item relating to different accounting methods used for management reporting versus U.S. GAAP not appearing in each of the years 2001, 2000 and 1999 was included in other accounting differences as the amounts were not significant.

Assets. The adjustments primarily consist of assets that are not allocated to the business segments, including deferred tax assets and premises and equipment.

Segmental Results of Operations

The following tables show information regarding our business segments for the years ended December 31, 2001, 2000 and 1999. The criterion for segmentation into divisions is our organizational structure as it existed as at December 31, 2001.

Reporting Segment Information by Group Division

in € m.	Corporate and Investment Bank	Private Clients and Asset Management	Corporate Investments	Total Manage- ment Reporting
2001				
Net revenues	17,436	10,993	1,968	30,397
Provision for loan losses	704	206	105	1,015
Noninterest expenses	14,029	10,390	1,623	26,042
Income before income taxes⁽¹⁾	2,703	397	240	3,340
Average allocated equity ⁽²⁾	17,034	3,392	6,081	26,507
RoE in % (excluding goodwill amortization and before income taxes) ⁽³⁾	19 %	18 %	7 %	16 %
Assets ⁽⁴⁾	751,406	125,743	45,594	896,800
Expenditures for additions to long-lived assets	659	160	141	960
Risk-weighted positions (BIS risk positions)	211,253	56,649	32,468	300,370
Cost-Income-Ratio in % ⁽⁵⁾	77 %	92 %	75 %	82 %
2000				
Net revenues	17,894	12,519	3,548	33,961
Provision for loan losses	153	192	132	477
Noninterest expenses	13,612	10,924	1,382	25,918
Income before income taxes	4,129	1,403	2,034	7,566
Average allocated equity ⁽²⁾	16,010	3,045	3,471	22,526
RoE in % (excluding goodwill amortization and before income taxes) ⁽³⁾	28 %	53 %	61 %	37 %
Assets ⁽⁴⁾	734,774	113,079	37,916	885,796
Expenditures for additions to long-lived assets	518	183	38	739
Risk-weighted positions (BIS risk positions)	211,104	49,037	25,769	285,910
Cost-Income-Ratio in % ⁽⁵⁾	75 %	86 %	37 %	75 %
1999				
Net revenues	12,741	10,530	2,648	25,919
Provision for loan losses	531	105	63	699
Noninterest expenses	10,397	9,930	628	20,955
Income before income taxes	1,813	495	1,957	4,265
Average allocated equity ⁽²⁾	13,691	2,604	2,968	19,263
RoE in % (excluding goodwill amortization and before income taxes) ⁽³⁾	15 %	26 %	68 %	25 %
Assets ⁽⁴⁾	670,774	93,798	29,570	794,142
Expenditures for additions to long-lived assets	426	150	41	617
Risk-weighted positions (BIS risk positions)	211,233	48,906	25,005	285,144
Cost-Income-Ratio in % ⁽⁵⁾	76 %	90 %	21 %	76 %

⁽¹⁾ Before cumulative effect of accounting changes.

⁽²⁾ We allocate our book equity to our divisions for management reporting purpose in proportion to the economic capital we calculate for them.

⁽³⁾ Income before income taxes excluding goodwill amortization divided by average allocated equity.

⁽⁴⁾ At the group division level, CIB, PCAM, CI and Total Management Accounting, we include consolidation items between the group divisions/corporate divisions.

⁽⁵⁾ Excluding goodwill amortization, provision for loan losses and restructuring activities.

Reporting Segment Information by Corporate Division

in € m.	Corporate and Investment Bank		Private Clients and Asset Management		
	Corporate Banking & Securities	Global Transaction Banking	Personal Banking	Private Banking	Asset Management
2001					
Net revenues	14,415	3,021	6,958	2,123	1,912
Provision for loan losses	723	(19)	183	11	12
Noninterest expenses	11,525	2,504	6,619	2,164	1,607
Income before income taxes⁽¹⁾	2,167	536	156	(52)	293
Average allocated equity ⁽²⁾	14,529	2,505	1,459	479	1,454
RoE in % (excluding goodwill amortization and before income taxes) ⁽³⁾	18 %	24 %	13 %	3 %	28 %
Assets	739,682	22,562	92,450	15,307	18,634
Expenditures for additions to long-lived assets	560	99	67	62	31
Risk-weighted positions (BIS risk positions)	189,482	21,771	41,866	10,416	4,367
Cost-Income-Ratio in % ⁽⁴⁾	76 %	80 %	95 %	97 %	76 %
2000					
Net revenues	14,951	2,943	7,986	2,434	2,099
Provision for loan losses	153	0	182	10	0
Noninterest expenses	11,367	2,245	7,499	2,016	1,409
Income before income taxes	3,431	698	305	408	690
Average allocated equity ⁽²⁾	13,485	2,525	1,371	481	1,193
RoE in % (excluding goodwill amortization and before income taxes) ⁽³⁾	28 %	30 %	25 %	99 %	67 %
Assets	724,930	27,771	81,229	13,955	17,897
Expenditures for additions to long-lived assets	440	78	113	46	24
Risk-weighted positions (BIS risk positions)	196,829	14,275	37,929	6,104	5,004
Cost-Income-Ratio in % ⁽⁴⁾	74 %	76 %	94 %	81 %	62 %
1999					
Net revenues	10,686	2,055	7,337	1,635	1,558
Provision for loan losses	621	(90)	110	(5)	0
Noninterest expenses	8,786	1,611	7,503	1,419	1,008
Income before income taxes	1,279	534	(276)	221	550
Average allocated equity ⁽²⁾	11,542	2,149	1,172	411	1,021
RoE in % (excluding goodwill amortization and before income taxes) ⁽³⁾	13 %	26 %	(20) %	63 %	63 %
Assets	673,377	20,742	74,830	10,358	8,611
Expenditures for additions to long-lived assets	374	52	109	30	11
Risk-weighted positions (BIS risk positions)	196,996	14,237	37,827	6,088	4,991
Cost-Income-Ratio in % ⁽⁴⁾	77 %	74 %	98 %	83 %	56 %

⁽¹⁾ Before cumulative effect of accounting changes.

⁽²⁾ We allocate our book equity to our divisions for management reporting purpose in proportion to the economic capital we calculate for them.

⁽³⁾ Income before income taxes excluding goodwill amortization divided by average allocated equity.

⁽⁴⁾ Excluding goodwill amortization, provision for loan losses and restructuring activities.

The following tables present the revenue components of the Corporate and Investment Bank Group Division and the Private Clients and Asset Management Group Division for the years ended December 31, 2001, 2000 and 1999:

in € m.	Corporate and Investment Bank		
	2001	2000	1999
Sales & Trading (debt and other products)	5,856	4,462	3,627
Sales & Trading (equity)	3,656	4,523	2,364
Sales & Trading	9,512	8,985	5,991
Loan products	3,365	4,021	3,164
Transaction services	3,021	2,943	2,055
Origination (debt)	429	286	197
Origination (equity)	492	937	443
Origination	921	1,223	640
Advisory	568	879	585
Other	49	(157)	306
Total	17,436	17,894	12,741

in € m.	Private Clients and Asset Management		
	2001	2000	1999
Insurance business	3,485	4,458	4,268
Portfolio/fund management	2,191	2,658	1,930
Loan/deposit products	2,393	2,286	2,077
Advisory	1,554	2,035	1,283
Transaction fees	633	615	623
Other	737	467	349
Total	10,993	12,519	10,530

Group Divisions

Corporate and Investment Bank Group Division

The following table sets forth the results of our Corporate and Investment Bank Group Division for the years ended December 31, 2001, 2000 and 1999, in accordance with our management reporting systems:

in € m.	2001	2000	1999
Net revenues			
Net interest revenues	4,946	3,366	4,496
Other net revenues	12,490	14,528	8,245
Total net revenues	17,436	17,894	12,741
Provision for loan losses	704	153	531
Noninterest expenses			
Goodwill amortization	451	392	238
Restructuring activities	213	(102)	429
Other noninterest expenses	13,365	13,322	9,730
Total noninterest expenses	14,029	13,612	10,397
Income before income taxes	2,703	4,129	1,813
Total assets (in € bn.)	751	735	671

In the following paragraphs, we discuss the contribution of the individual corporate divisions to the overall results of the Corporate and Investment Bank Group Division.

Corporate Banking & Securities Corporate Division

The following table sets forth the results of our Corporate Banking & Securities Corporate Division for the years ended December 31, 2001, 2000 and 1999, in accordance with our management reporting systems:

in € m.	2001	2000	1999
Net revenues			
Net interest revenues	3,852	2,240	3,579
Other net revenues	10,563	12,711	7,107
Total net revenues	14,415	14,951	10,686
Provision for loan losses	723	153	621
Noninterest expenses			
Goodwill amortization	391	332	208
Restructuring activities	176	(62)	371
Other noninterest expenses	10,958	11,097	8,207
Total noninterest expenses	11,525	11,367	8,786
Income before income taxes	2,167	3,431	1,279
Total assets (in € bn.)	740	725	673

Income before income taxes. Income before income taxes was € 2.2 billion in 2001, a decrease of 37 %, or € 1.3 billion as compared to 2000. Increases in the provision for loan losses and reductions in other net revenues accounted for most of this deterioration.

Between 1999 and 2000 income before income taxes increased by € 2.2 billion to € 3.4 billion. This increase was mainly attributable to increases in other net revenues.

We do not see significant short term changes in market conditions that would lead to improvements in income before income taxes in this corporate division, and they might decline further. Most of our businesses depend substantially on market conditions, such as transactional volume and the number and size of corporate restructurings. We continue to regularly review our cost containment measures. However, it is possible that the results of our cost saving initiatives will be poorer than we anticipated or that, via selective expansion of our businesses, noninterest expenses may actually increase, thus reducing our income before income taxes.

Net Revenues

in € m.	2001	2000	1999
Net revenues			
Sales & Trading (debt and other products)	5,856	4,462	3,627
Sales & Trading (equity)	3,656	4,523	2,364
Loan products	3,365	4,021	3,164
Origination (debt)	429	286	197
Origination (equity)	492	937	443
Advisory	568	879	585
Other	49	(157)	306
Total net revenues	14,415	14,951	10,686

Net revenues decreased 4 %, from € 15.0 billion in 2000 to € 14.4 billion in 2001. The € 536 million reduction in net revenues is attributable to a reduction in other net revenues of € 2.1 billion, offset by an increase in net interest revenue of € 1.6 billion. The market deterioration in economic conditions in the second half of 2000 continued throughout 2001. While generally weak markets and the reduction in transaction volumes adversely affected our equities related sales and trading, origination and advisory businesses, our fixed income business improved. This reflected, in part, the favorable conditions in the fixed income markets, together with our clients' emphasis to lower-risk products after September 11.

Net revenues were € 15.0 billion in 2000, an increase of € 4.3 billion, or 40 %, as compared to 1999. The € 4.3 billion increase in net revenues is attributable to an increase in other net revenues of € 5.6 billion, offset by a decrease in net interest revenue of € 1.3 billion. The net revenue increase was materially affected by the full-year contribution of the results of Bankers Trust in 2000. Another contributing factor was the strong growth in volumes in our sales and trading businesses, particularly the expansion of our equity trading business.

Total sales and trading revenues, which affect both interest and other net revenues, continued the strong growth of 2000, although not to the same degree, reaching € 9.5 billion in 2001 from € 9.0 billion in 2000. However, there were two opposing trends. Net revenues from

sales and trading (equity) fell 19 % to € 3.7 billion in 2001 from € 4.5 billion in 2000. Net revenues from sales and trading (debt and other products) increased over the same period by 31 % to € 5.9 billion from € 4.5 billion.

Total origination revenues, which mainly affect commission income within other net revenues, decreased from € 1.2 billion in 2000 to € 921 million in 2001. Origination (equity) net revenues declined largely due to significant reductions in transaction volume as the year progressed, falling from € 937 million in 2000 to € 492 million in 2001. This was still ahead of the € 443 million in 1999. Origination (debt) net revenues, on the other hand, increased 50 % from € 286 million in 2000 to € 429 million in 2001, as a result of improved fixed income markets.

Advisory revenues, primarily affecting other net revenues, declined from € 879 million in 2000 to € 568 million in 2001, reflecting reduced transaction activity.

Loan products net revenues affect both net interest revenues and other net revenues. Net revenues from loan products fell by 16 % to € 3.4 billion from € 4.0 billion.

This reduction is attributable to a number of factors; lower average balances of loans due to increased securitizations, declining interest rates in the major markets where we do business and the sale of our European financial services business in May 2001.

Other net revenues include goodwill funding costs of € 206 million in 2001, € 241 million in 2000 and € 134 million in 1999. In total, other net revenues changed from an expense of € 157 million in 2000 to revenue of € 49 million in 2001. Other net revenues in 2001 included a gain from the sale of our financial services business in Europe, amounting to € 180 million.

Total sales and trading net revenues increased by 50 %, or € 3.0 billion, to € 9.0 billion in 2000 from € 6.0 billion in 1999. This increase, across both equity and debt and other products, affected both interest and other net revenues. The strong transaction flow in the first half of 2000, itself largely a result of the robust capital markets, led to growth in our origination and advisory businesses. Origination net revenues increased by € 583 million to € 1.2 billion in 2000, while advisory revenues also increased by over 50 %, or € 294 million, to € 879 million.

The market conditions that led to this growth reversed in the second half of 2000. Income from several large transactions we effected on behalf of clients also contributed to this positive result. Loan product revenues, impacting both interest and other net revenues, increased from € 3.2 billion to € 4.0 billion. Over the period average loan balances increased, primarily through the acquisition of Bankers Trust assets.

Provision for Loan Losses. The provision for loan losses was € 723 million in 2001 compared to € 153 million in 2000 and € 621 million in 1999.

The increase in 2001 arose primarily from new specific provision for loan losses in our leveraged lending, high-yield debt, telecommunications and loan exposure management across most regions. Another contributing factor was provision for loan losses with regard to Argentina.

The decrease in 2000 as compared to 1999, was due to the higher than usual provision in 1999 due to a significant exposure to a single German borrower in the real estate industry.

Noninterest expenses. Noninterest expenses in 2001, were € 11.5 billion, substantially unchanged from 2000, with the exception of a € 176 million charge for restructuring taken in 2001 (details of which we discussed above under “Operating Results – Noninterest Expenses”). Due to the economic climate, compensation and benefits were € 187 million, or 3 %, lower than in 2000. Reduced bonus payments were partly offset by additional severance costs and increased salaries we incurred as part of our expansion of selected businesses. This reduction was offset by increased goodwill amortization expense, amounting to € 391 million in 2001 and the € 332 million in 2000, following our acquisition of National Discount Brokers Group, Inc. in 2000 and additional expenditure on IT and settlement systems throughout the business. With the adoption of SFAS 141/142 beginning January 1, 2002, goodwill will be periodically reviewed for impairment but no longer amortized.

Noninterest expenses were € 11.4 billion in 2000, an increase of € 2.6 billion as compared to 1999. Our additional noninterest expenses arose predominantly from higher compensation and benefits. This, in turn, was primarily attributable the additional employees that we incorporated following the Bankers Trust acquisition, together with higher bonuses in the robust market environment of the beginning of the year. Also contributing to the increase in noninterest expenses was an increase in information technology costs, both directly incurred within each business and via service relationships with support areas housed within the Corporate and Investment Bank Group Division, together with expenditure on e-commerce activities throughout the corporate division.

Total Assets. Total assets were essentially flat in the years presented.

Global Transaction Banking Corporate Division

The following table sets forth the results of our Global Transaction Banking Corporate Division for the years ended December 31, 2001, 2000 and 1999, in accordance with our management reporting systems:

in € m.	2001	2000	1999
Net revenues			
Net interest revenues	1,094	1,126	917
Other net revenues	1,927	1,817	1,138
Total net revenues	3,021	2,943	2,055
Provision for loan losses	(19)	0	(90)
Noninterest expenses			
Goodwill amortization	60	60	30
Restructuring activities	37	(40)	58
Other noninterest expenses	2,407	2,225	1,523
Total noninterest expenses	2,504	2,245	1,611
Income before income taxes	536	698	534
Total assets (in € bn.)	23	28	21

Income before income taxes. Income before income taxes was € 536 million in 2001, a decrease of 23 %, or € 162 million, from 2000. Increases in noninterest expense were the main cause of this reduction. Income before income taxes in 2000 was € 164 million, or 31 %, higher than 1999. The increase in net revenues was the primary driver behind this change.

Net Revenues. Net revenues increased by almost 3 % in 2001 to € 3.0 billion from € 2.9 billion in 2000, with a small decrease in net interest revenues more than offset by an increase in other net revenues. Increases in revenues from cash management were due in part to the acquisition of Banque Worms in 2001. Increased revenues from securities lending resulted from the declining rate environment in 2001 and a higher level of dividend transactions. These increases were partially offset by reductions in net revenues from our custody activities due to lower market valuations and lower transaction volumes.

Increases of € 888 million in net revenues between 1999 and 2000, from € 2.1 billion in 1999 to € 2.9 billion in 2000, were almost totally due to the acquisition of Bankers Trust in 1999, and the transaction volumes that flowed from the expanded customer base in the United States.

Noninterest expenses. The transactional nature of this corporate division leads to processing and settlement costs that are high as a percentage of revenue. As transaction volumes fell in 2001, these costs offset an increased portion of our net revenues. Cost containment initiatives helped keep the staff cost element of noninterest expense essentially constant at € 600 million in both of 2001 and 2000. However, our investment in information technology and operations caused total noninterest expenses to increase by 12 %, from € 2.2 billion in 2000 to € 2.5 billion in 2001.

Noninterest expenses increased by € 634 million, or 39 %, in 2000 to € 2.2 billion from € 1.6 billion in 1999. Most of this arose from the acquisition of Bankers Trust and the expansion of our cash management activities.

Private Clients and Asset Management Group Division

The following table sets forth the results of our Private Clients and Asset Management Group Division for the years ended December 31, 2001, 2000 and 1999, in accordance with our management reporting systems:

in € m.	2001	2000	1999
Net revenues			
Net interest revenues	3,430	3,384	3,082
Other net revenues	7,563	9,135	7,448
Total net revenues	10,993	12,519	10,530
Provision for loan losses	206	192	105
Noninterest expenses			
Policyholder benefits and claims	2,948	3,912	3,790
Goodwill amortization	221	213	170
Restructuring activities	81	(14)	320
Other noninterest expenses	7,140	6,813	5,650
Total noninterest expenses	10,390	10,924	9,930
Income before income taxes	397	1,403	495
Total assets (in € bn.)	126	113	94
Invested assets (in € bn.)	969	1,000	947

In the following paragraphs, we discuss the contribution of the individual corporate divisions to the overall results of Private Clients and Asset Management Group Division.

Personal Banking Corporate Division

The following table sets forth the results of our Personal Banking Corporate Division for the years ended December 31, 2001, 2000 and 1999, in accordance with our management reporting systems:

in € m.	2001	2000	1999
Net revenues			
Net interest revenues	3,184	3,044	2,813
Other net revenues	3,774	4,942	4,524
Total net revenues	6,958	7,986	7,337
Provision for loan losses	183	182	110
Noninterest expenses			
Policyholder benefits and claims	2,948	3,912	3,790
Goodwill amortization	35	36	41
Restructuring activities	11	(1)	258
Other noninterest expenses	3,625	3,552	3,414
Total noninterest expenses	6,619	7,499	7,503
Income before income taxes	156	305	(276)
Total assets (in € bn.)	92	81	75
Invested assets (in € bn.)	113	110	104

Income before income taxes. Income before income taxes of our Personal Banking Corporate Division was € 156 million for the year ended December 31, 2001, a decrease of € 149 million, or 49 %, as compared to 2000. Decreased net revenues accounted for most of the reduction, driven by the weakness on the international capital markets which led to a decrease in the value of invested assets and to substantial restraint among our customers regarding securities transactions. Noninterest expenses decreased to a lesser degree than revenues.

Income before income taxes was € 305 million in 2000, an increase of € 581 million as compared to 1999. This increase was due to higher net revenues attributable to the strong market conditions, especially in the first half of 2000. Total noninterest expenses were essentially unchanged.

Our expected sale of the greater part of our insurance business to Zurich Financial Services by mid-2002, pend-

ing regulatory approval and other actions, will lead to a significant decrease in revenues but has to be seen in connection with a corresponding decrease in policyholders benefits. Following the sale, we plan to continue to offer our private and retail clients the insurance products from our former subsidiaries.

Net Revenues. Net revenues were € 7.0 billion in 2001, a decrease of € 1.0 billion, or 13 %, as compared to 2000.

The decrease in net revenues is predominantly related to our Insurance Business Division, in which our net revenues declined by € 1.0 billion from € 4.4 billion to € 3.4 billion. This decline was primarily due to lower gains from the sale of securities available for sale, write-downs of securities available for sale for other than temporary impairment and slightly lower commissions. This € 1.0 billion decline was substantially offset by reduced policyholder benefits and claims, reflecting lower allocation for the benefit of policyholders from the annual surplus of our insurance affiliates. The net effect from the Insurance Business Division was a decrease of € 88 million, or 17 %, in 2001 compared to 2000. Net revenues excluding our insurance business, were negatively affected by decreased revenues from our advisory business as a result of weak securities markets.

Our net interest revenues were € 3.2 billion in 2001, an increase of € 140 million, or 5 %, as compared to 2000 due to increased volumes in customer deposits, consumer loans and mortgage business.

Our maxblue Business Division, which started online brokerage services in Germany and Spain in April 2001, increased its client base by 238,000 clients, or 90 %, but has not contributed materially to our net revenues to date.

Net revenues increased in 2000 by € 649 million, or 9 %, to € 8.0 billion compared to 1999. The placement of new products as well as our distributions of initial public offerings and other securities products, particularly in the positive market environment of the first half of 2000, led to this increase. In addition, increased net interest revenues resulted from volume growth in deposits and loans in our retail business.

Gross revenues from the Insurance Business Division were higher in 2000 than in 1999, as lower premiums were offset by the result from securities available for sale. The latter was due to our decision to sell positions and reinvest the proceeds in order to permit policyholders to participate in the gains from its activities in equity securities in the strong stock markets. Our net revenues from the Insurance Business Division increased by € 64 million in 2000 compared to 1999.

Provision for Loan Losses. In 2001, our provision for loan losses was € 183 million, an increase of € 1 million as compared to 2000.

Provision for loan losses was € 182 million in 2000, an increase of € 72 million, or 65 %, as compared to 1999. The increase in 2000 arose primarily from additional provision for loan loss at Deutsche Bank 24, reflecting a deteriorating credit environment in eastern Germany particularly on real estate loans. Contributing as well to the additional provisions was the first time inclusion of BWR (Krakow), which we acquired in 2000, accompanied by a reassessment of its loan portfolio in connection with that acquisition.

Noninterest expenses. Total noninterest expenses were € 6.6 billion in 2001, a decrease of € 880 million, or 12 %, as compared to 2000. This decrease reflected predominantly a reduction of € 964 million, or 25 %, in policyholder benefits and claims in connection with the decrease of net revenues in our Insurance Business Division.

Net of policyholder benefits and claims, noninterest expenses were € 3.7 billion in 2001, an increase of € 84 million, or 2 %, compared to 2000. The increase is mainly attributable to expenses for specific projects such as the introduction of the euro and Personal Banking's share of the project costs of the New York Stock Exchange listing. Also contributing to this increase were € 11 million expenses for restructuring activities in connection with the Group Restructuring activities we plan to complete in 2002. Excluding these items, noninterest expenses were substantially unchanged reflecting cost containment activities we implemented.

Total noninterest expenses were € 7.5 billion in 2000, a decrease of € 4.0 million, as compared to 1999. Net of policyholder benefits and claims, noninterest expenses were € 3.6 billion in 2000, a decrease of € 126 million. After adjusting 1999's noninterest expenses by € 258 million for restructuring activities, noninterest expenses in 2000 increased by € 133 million on 1999. This was mainly attributable to higher expenses for information technology support.

Invested Assets. Invested assets in 2001 were slightly higher compared to 2000. Reductions of € 6.0 billion due to performance effects were more than offset by € 9.0 billion in new business. Deposits increased only slightly. The increase in invested assets in 2000 compared to 1999 related to increases in both deposits and securities.

Private Banking Corporate Division

The following table sets forth the results of our Private Banking Corporate Division for the years ended December 31, 2001, 2000 and 1999, in accordance with our management reporting systems:

in € m.	2001	2000	1999
Net revenues			
Net interest revenues	281	334	237
Other net revenues	1,842	2,100	1,398
Total net revenues	2,123	2,434	1,635
Provision for loan losses	11	10	(5)
Noninterest expenses			
Goodwill amortization	67	66	39
Restructuring activities	35	(12)	23
Other noninterest expenses	2,062	1,962	1,357
Total noninterest expenses	2,164	2,016	1,419
Income before income taxes	(52)	408	221
Total assets (in € bn.)	15	14	10
Invested assets (in € bn.)	239	261	254

Income (loss) before income taxes. Income (loss) before income taxes of our Private Banking Corporate Division was a loss of € 52 million for the year ended December 31, 2001. The primary contributors to our loss in 2001 were the brokerage business in the United States, which suffered declining revenues and increasing expenses, and a decline in net revenues from our advisory business.

Income before income taxes in 2000 increased by € 187 million, or 85 %, compared to 1999. The increase was primarily attributable to higher commission revenues from the distribution of initial public offerings and other securities products.

Net Revenues. Net revenues amounted to € 2.1 billion in 2001, a decline of € 311 million, or 13 %, compared to 2000. Net interest revenues accounted for € 53 million of this decline. The two primary reasons for this decline were lower spreads we earned on customer deposits as interest rates declined during the year and reduced volume in the

margin loan portfolio of our U.S. brokerage business as brokerage activity declined. Other net revenues were € 1.8 billion in 2001, a decrease of € 258 million, or 12 %, compared to 2000. Our advisory revenues were € 368 million, or 26 %, below those of 2000 mainly due to lower brokerage fees. The weak market environment in 2001 led to substantial restraint among our customers and a decline in securities-related commissions. Brokerage activity dropped significantly, especially in the United States, and our ability to market new products was constrained.

Net revenues in 2000 were € 2.4 billion, an increase of € 799 million, or 49 %, compared to 1999. This was mainly due to the full-year effect of revenues contributed by the Bankers Trust acquisition. In addition, the favorable securities market conditions in the first half of 2000 led to significantly higher securities transaction volume and higher revenues in the brokerage business. We took advantage of this positive environment by launching several new products as well as placing initial public offerings. In addition, increased assets in client portfolios led to higher volume-based fees.

Noninterest expenses. Total noninterest expenses were € 2.2 billion in 2001, an increase of € 148 million, or 7 % compared to 2000.

The largest single item contributing to the increase was restructuring activities. Additional contributors were severance payments, software and premises write-offs and Private Banking's share of the project costs of our New York Stock Exchange listing. Some of the restructuring and severance payments related to our U.S. brokerage business.

The 42 % increase in noninterest expenses in 2000 resulted primarily from the full-year effect of costs related to the Bankers Trust acquisition.

Invested Assets. Our invested assets declined by € 22 billion, or 8 %, to € 239 billion at December 31, 2001. Decreases in invested assets in our U.S. business and declines due to the overall stock market conditions more than offset new asset investments elsewhere.

Asset Management Corporate Division

The following table sets forth the results of our Asset Management Corporate Division for the years ended December 31, 2001, 2000 and 1999, in accordance with our management reporting systems:

in € m.	2001	2000	1999
Net revenues			
Net interest revenues	(35)	6	32
Other net revenues	1,947	2,093	1,526
Total net revenues	1,912	2,099	1,558
Provision for loan losses	12	0	0
Noninterest expenses			
Goodwill amortization	119	111	90
Restructuring activities	35	(1)	39
Other noninterest expenses	1,453	1,299	879
Total noninterest expenses	1,607	1,409	1,008
Income before income taxes	293	690	550
Total assets (in € bn.)	19	18	9
Invested assets (in € bn.)	617	629	589

Income before income taxes. Income before income taxes of our Asset Management Corporate Division was € 293 million in 2001, a decrease of € 397 million, or 58 %, as compared to 2000. Decreased revenues of € 187 million due to unfavorable market conditions and increased noninterest expenses of € 198 million accounted for the decrease in income before income taxes.

In 2000, income before income taxes of the Asset Management Corporate Division was € 690 million, an increase of € 140 million, or 25 %, as compared to 1999. This increase, as is the case for each of the increases in the items discussed below, reflects, in addition to organic increases, a one-time effect created by the fact that the

results of operations of Bankers Trust are reflected for all of 2000, but only for seven months of 1999.

Net Revenues. Net revenues were € 1.9 billion in 2001, a decrease of € 187 million, or 9 %, as compared to 2000. This decrease arose principally from weaker market conditions in 2001, which led to a decrease of funds performance fees and funds management fees arising from lower underlying funds under management. This was partly offset by net new business in all our regions in both institutional and retail funds.

In 2000 net revenues were € 2.1 billion, an increase of € 541 million, or 35 %, as compared to 1999. This increase arose principally from the full-year effect of Bankers Trust, primarily in the Americas and Japan, and from organic growth in performance fees, in both Europe and our other regions of operation. This growth was due in part to appreciation in underlying funds under management. This combined with significant net new business in continental Europe, the United Kingdom and the Asia-Pacific region in both institutional and retail funds. These effects were offset slightly by losses in our index fund and other passive business in the United States arising from overlap between the business of Bankers Trust and pre-acquisition Deutsche Bank.

Noninterest expenses. Noninterest expenses were € 1.6 billion in 2001, an increase of € 198 million, or 14 %, as compared to 2000. Our increased noninterest expenses arose mostly from increased compensation and benefits, which reflected organic growth in compensation levels as well as the full year effect of hiring in the second half of 2000. Expenses for restructuring activities of € 35 million and expenses for the reorganization of our activities in France also contributed to this increase.

In 2000, noninterest expenses were € 1.4 billion, an increase of € 401 million, or 40 %, as compared to 1999. Our increased noninterest expenses arose mostly from increased salaries and employee benefits. This increase was attributable largely to the full-year effect of the increased headcount arising from our acquisition of Bankers Trust. It also reflects organic growth in compensation levels, including both higher salaries and higher bonuses, the latter driven largely by a profitable year.

Corporate Investments Group Division

The following table sets forth the results of our Corporate Investments Group Division for the years ended December 31, 2001, 2000 and 1999, in accordance with our management reporting systems:

in € m.	2001	2000	1999
Net revenues			
Net interest revenues	(141)	(95)	483
Other net revenues	2,109	3,643	2,165
Total net revenues	1,968	3,548	2,648
Provision for loan losses	105	132	63
Noninterest expenses			
Goodwill amortization	156	71	60
Restructuring activities	0	0	9
Other noninterest expenses	1,467	1,311	559
Total noninterest expenses	1,623	1,382	628
Income before income taxes	240	2,034	1,957
Total assets (in € bn.)	46	38	30

Income before income taxes. Income before income taxes of our Corporate Investments Group Division was

€ 240 million for the year ended December 31, 2001, a decrease of € 1.8 billion, or 88 %, as compared to the year ended December 31, 2000. Write-downs and valuation adjustments of some of our alternative assets accounted for most of the decrease.

Income before income taxes in 2000 was € 2.0 billion, an increase of € 77 million, or 4 %, as compared to the year ended December 31, 1999. Higher net revenues were largely offset by higher noninterest expenses.

Net Revenues. Net revenues were € 2.0 billion in 2001, a decrease of € 1.6 billion, or 45 %, as compared to 2000.

Net revenues were materially impacted by adverse market conditions in 2001, which resulted in write-downs and valuation adjustments, net of minor gains from disposals, on alternative assets of € 1.4 billion in 2001 as compared to approximately € 200 million for such charges in 2000. Most of the write-downs were related to investments in the technology, telecommunication and real estate sectors. At year end 2001, the alternative assets portfolio in Corporate Investments had a carrying value of € 8.4 billion, of which 51 % were private equity direct investments, 24 % were real estate investments and 25 % were private equity indirect and other investments. Investments in the technology and telecommunication sectors represented 31 % of the carrying value of our private equity direct portfolio at year end 2001. We continue to monitor the portfolio on a quarterly basis for any potential impairments. If the public equity and high-yield financing markets continue to deteriorate, we may determine that further write-downs and valuation adjustments are necessary.

The largest sale by DB Investor in 2001 was the reduction of its stake in Munich Re. This sale resulted in a gain of € 1.4 billion. The largest transaction in 2000 was a block sale of Allianz shares which resulted in a gain of € 2.3 billion. Net revenues in 2001 also included a gain of approximately € 800 million for non-trading derivatives related to our Industrial Holdings portfolio.

Net revenues were € 3.6 billion in 2000, an increase of € 900 million, or 34 %, as compared to 1999. The most significant event in 2000 was the block sale of Allianz

shares by DB Investor. The gain was partially offset by write-downs and valuation adjustments on alternative assets of approximately € 200 million.

Provision for Loan Losses. Provision for loan losses was € 105 million in 2001, a decrease of € 27 million, or 20 %, as compared to 2000. This decrease was primarily related to lower provision in connection with our industrial holdings portfolio.

Provision for loan losses was € 132 million in 2000, an increase of € 69 million, or 110 %, as compared to 1999 mainly relating to provisions in connection with our industrial holdings portfolio and our North American financial services business.

Noninterest expenses. Noninterest expenses were € 1.6 billion in 2001, an increase of € 241 million, or 17 %, as compared to 2000. This increase was largely attributable to valuation adjustments of our real estate portfolio (approximately € 200 million) and increased expenses for e-commerce activities (approximately € 100 million). In addition, the North American financial services business was valued at the lower of carrying value or fair value less cost to sell.

Noninterest expenses were € 1.4 billion in 2000, an increase of € 754 million, or 120 %, as compared to 1999. This increase arose predominantly from expenses in strategic e-commerce activities and other strategic initiatives.

Total Assets. Total assets were € 46 billion as of December 31, 2001. This was an increase of € 8 billion, or 21 %, as compared to 2000 which was primarily attributable to a change in management reporting accounting rules towards fair-value accounting for our industrial holdings portfolio. This adjustment had no effect on the income before income taxes.

Total assets were € 38 billion as of December 31, 2000. This was an increase of € 8 billion, or 27 %, as compared to 1999. The increase is a result of significant growth in the private equity business of approximately € 2.8 billion in 2000. Additionally, the real estate and North American

financial services portfolios increased by € 1.4 billion and € 1.3 billion, respectively.

Outlook

Despite the overall difficult economic situation, which deteriorated further after the terrorist acts of September 11 in the United States, signs of an upturn in the United States are now becoming more visible. We believe this development will also take hold in Europe and Germany. For the second half of 2002, we expect growth in the economy, which we anticipate should accelerate further in the upcoming years. The financial markets, we believe, will positively react to this development, allowing us to increase our revenues. However, our forecasts for Eastern Europe and the emerging markets in Asia and South America are somewhat more cautious. Japan, too, will probably recover only slowly from its recession.

We expect the recovery of the markets in the second half of 2002 to have positive effects on the revenues of our three Group Divisions: Corporate and Investment Bank (CIB), Private Clients and Asset Management (PCAM) and Corporate Investments (CI).

In CIB, we want to continue to expand our advising of companies in mergers and acquisitions and further build up our market position in this area. Through consistent implementation of our ongoing and planned cost containment measures, we want to further reduce our expenses.

In PCAM, we intend to sharpen our focus on our core fields of business. We aim to increasingly withdraw from business lines that we view as unprofitable or capital-intensive, and to focus on areas that we believe promise greater profitability. With our proposed acquisition of the asset manager Scudder, we want to supplement our favorable position in asset gathering in Europe by a solid presence on the U.S. market.

By actively managing our shareholding portfolios in CI, our target is to further increase the risk-adjusted return on these investments. Over the course of 2002, we expect an improvement of the presently volatile market conditions affecting and restricting our current sale opportunities for these shareholdings.

As to the credit risk situation, we do not yet see a recovery. We must continue to carefully and attentively

manage and assess our credit exposures, and to continuously collect information on this portfolio. Our risk management function will have to continue to face the demands of the difficult market environment.

We are continuing our cost containment program. We are now in the second phase of the program, and we are confident we can successfully implement our restructuring programs, to the benefit of our Business Divisions.

One of our most important tasks continues to be furthering the implementation of our comprehensive realignment of our management structure. A decisive step in this connection was the implementation of the new management structure at the beginning of the financial year 2002. The streamlined Group Board concentrates on strategic management, resource allocation, risk management and control. Additionally, a Group Executive Committee was formed and divisional and functional committees were created or enlarged. This, we believe, will in turn help us achieve cost synergies and above all help us to better align our Group Divisions to meet the needs of our customers.

All this enables us to look forward into the year 2002 with confidence.

Introductory Note

The accompanying consolidated financial statements were prepared for the first time in accordance with United States generally accepted accounting principles (U.S. GAAP).

In order to comply with Section 292a of the HGB (German Commercial Code), the consolidated financial statements were supplemented with a consolidated business review report, a list of mandates, a list of shareholdings, and additional explanations. Therefore, the consolidated financial statements, which have to be filed with the Commercial Register and published in the Federal Gazette, comply with the Accounting and Banking Directives of the

European Community (Directive 83/349/EWG, Directive 84/253/EWG, Directive 86/635/EWG). For the interpretation of these directives we relied on the statement by the German Accounting Standards Committee.

The consolidated financial statements and the consolidated business review report as of December 31, 2001 prepared in accordance with Section 292a of the HGB (German Commercial Code) is filed with the Commercial Register in Frankfurt under the number HRB 30000. It will be as well as the list of mandates and the list of shareholdings provided to shareholders on request.

Board of Managing Directors in the reporting year

Board of Managing Directors in the reporting year

Josef Ackermann

Carl L. von Boehm-Bezing
(until 17.5.2001)

Clemens Börsig

Rolf-E. Breuer
(Spokesman)

Thomas R. Fischer

Jürgen Fitschen
(since 28.3.2001)

Tessen von Heydebreck

Hermann-Josef Lamberti

Michael Philipp

Independent Auditors' Report

The Board of Managing Directors of
Deutsche Bank Aktiengesellschaft

We have audited the accompanying consolidated balance sheets of Deutsche Bank Aktiengesellschaft and subsidiaries (the "Company") as of December 31, 2001 and 2000, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Deutsche Bank Aktiengesellschaft and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

Frankfurt am Main, March 12, 2002
KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



Nonnenmacher
Wirtschaftsprüfer



Findeisen
Wirtschaftsprüfer

Income Statement Deutsche Bank Group

Income Statement				
in € m.	[Notes]	1.1.–31.12. 2001	1.1.–31.12. 2000	1.1.–31.12. 1999
Interest revenues	[1], [19], [28]	53,639	55,131	40,142
Interest expense	[1], [19], [28]	45,019	48,103	32,148
Net interest revenues		8,620	7,028	7,994
Provision for loan losses	[1], [7], [8]	1,024	478	725
Net interest revenues after provision for loan losses		7,596	6,550	7,269
Commissions and fees from fiduciary activities		3,537	3,908	2,427
Commissions, broker's fees, markups on securities underwriting and other securities activities		4,593	5,259	3,233
Fees for other customer services		2,597	2,526	2,307
Insurance premiums	[1]	2,717	2,837	3,011
Trading revenues, net	[1], [20], [28]	6,031	7,625	2,127
Net gains on securities available for sale	[1], [5]	1,516	3,670	2,150
Net income (loss) from equity investments	[1], [6]	(375)	312	79
Other revenues	[1]	385	1,314	1,704
Total noninterest revenues		21,001	27,451	17,038
Compensation and benefits	[1], [16], [22], [28]	13,360	13,526	9,655
Net occupancy expense of premises	[1], [11]	1,334	1,090	1,022
Furniture and equipment	[1], [11]	2,949	3,051	2,362
Agency and other professional service fees		1,080	1,151	819
Communication and data services	[11]	642	566	403
Policyholder benefits and claims	[1]	3,002	4,003	3,856
Other expenses	[1]	3,182	2,849	2,894
Goodwill amortization	[1], [3]	951	771	486
Restructuring activities	[23]	294	125	459
Total noninterest expenses		26,794	27,132	21,956
Income before income tax expense (benefit) and cumulative effect of accounting changes		1,803	6,869	2,351
Income tax expense	[1], [24]	434	2,643	1,689
Income tax expense (benefit) from the change in effective tax rate and the reversing effect		995	(9,287)	(951)
Income before cumulative effect of accounting changes, net of tax		374	13,513	1,613
Cumulative effect of accounting changes, net of tax	[2]	(207)	–	–
Net income		167	13,513	1,613

Earnings per share figures				
in €	[16], [25]	1.1.–31.12. 2001	1.1.–31.12. 2000	1.1.–31.12. 1999
Earnings per common share				
Basic				
Income before cumulative effect of accounting changes, net of tax		0.60	22.00	2.76
Cumulative effect of accounting changes, net of tax		(0.33)	–	–
Net income		0.27	22.00	2.76
Diluted				
Income before cumulative effect of accounting changes, net of tax		0.60	21.72	2.74
Cumulative effect of accounting changes, net of tax		(0.33)	–	–
Net income		0.27	21.72	2.74
Cash dividends declared per common share		1.30	1.15	1.12

The accompanying notes are an integral part of the Consolidated Financial Statements.

Statement of Comprehensive Income Deutsche Bank Group

Statement of Comprehensive Income			
in € m.	1.1.–31.12. 2001	1.1.–31.12. 2000	1.1.–31.12. 1999
Net income	167	13,513	1,613
Unrealized gains (losses) on securities available for sale			
Net unrealized gains (losses) arising during the year, net of tax and other ^(a)	(2,496)	(1,185)	967
Net reclassification adjustment for realized net gains, net of tax and other ^(b)	(428)	(1,516)	(865)
Net unrealized derivative gains (losses), net of tax ^(c)	(1)	–	–
Net unrealized foreign currency translation gains arising during the year, net of tax ^(d)	85	432	386
Other comprehensive income (loss)	(2,840)	(2,269)	488
Comprehensive income (loss)	(2,673)	11,244	2,101

^(a) Amounts are net of an income tax (benefit) expense of € (105) million, € (820) million and € 677 million for the years ended December 31, 2001, 2000 and 1999, respectively, and adjustments to insurance policyholder liabilities and deferred acquisition costs of € (610) million, € 5 million and € 323 million for the years ended December 31, 2001, 2000 and 1999, respectively.

^(b) Amounts are net of income tax expense of € 1,139 million (€ 995 million of this amount relates to the reversing effect of a tax benefit realized in 2000 due to a law change enacted in 2000), € 1,702 million and € 1,022 million for the years ended December 31, 2001, 2000 and 1999, respectively, and adjustments to insurance policyholder liabilities and deferred acquisition costs of € (44) million, € 429 million and € 250 million for the years ended December 31, 2001, 2000 and 1999, respectively.

^(c) The amount is net of an income tax benefit for the year ended December 31, 2001.

^(d) Amounts are net of an income tax (benefit) expense of € (41) million, € (35) million and € 70 million for the years ended December 31, 2001, 2000 and 1999, respectively.

Balance Sheet Deutsche Bank Group

Assets			
in € m.	[Notes]	31.12.2001	31.12.2000
Cash and due from banks	[1], [17], [30]	10,388	8,502
Interest-earning deposits with banks	[10], [30]	37,986	46,733
Central bank funds sold	[30]	4	240
Securities purchased under resale agreements	[1], [30]	103,681	55,486
Securities borrowed	[1], [30]	40,318	73,455
Trading assets ^(a)	[1], [4], [10], [30]	293,653	284,871
Securities available for sale ^(b)	[1], [5], [10], [30]	71,666	92,250
Other investments	[6], [30]	11,997	12,759
Loans, net	[1], [7], [8], [9], [10], [29], [30]	259,838	274,660
Premises and equipment, net	[1], [10], [11]	9,806	10,384
Intangible assets, net	[1], [12]	8,947	9,479
Other assets related to insurance business	[21]	13,875	11,453
Due from customers on acceptances		553	1,076
Accrued interest receivable		5,907	9,146
Other assets		49,603	38,500
Total Assets		918,222	928,994

^(a) of which € 16 billion and € 48 billion were pledged to creditors and can be sold or repledged at December 31, 2001 and 2000, respectively

^(b) of which € 524 million and € 222 million were pledged to creditors and can be sold or repledged at December 31, 2001 and 2000, respectively

Liabilities and Shareholders' Equity			
in € m.	[Notes]	31.12.2001	31.12.2000
Noninterest-bearing deposits	[30]		
Domestic offices		22,244	20,540
Foreign offices		7,487	8,075
Interest-bearing deposits	[30]		
Domestic offices		96,659	99,161
Foreign offices		247,699	222,776
Total deposits		374,089	350,552
Trading liabilities	[1], [4], [30]	121,329	123,951
Securities sold under repurchase agreements	[1], [30]	73,299	46,648
Securities loaned	[1], [30]	7,620	35,916
Other short-term borrowings	[13], [30]	28,548	60,871
Acceptances outstanding		553	1,076
Insurance policy claims and reserves	[21]	35,241	32,481
Accrued interest payable		7,423	10,502
Other liabilities	[22], [23]	58,943	64,917
Long-term debt	[14], [30]	166,908	154,484
Trust preferred securities	[15], [30]	4,076	3,913
Total Liabilities		878,029	885,311
Common shares, no par value, nominal value of € 2.56 ^(a)		1,591	1,578
Additional paid-in capital		11,253	10,876
Share awards		899	867
Retained earnings		22,619	23,331
Common shares in treasury, at cost ^(b)		(479)	(119)
Accumulated other comprehensive income	[1]		
Net unrealized gains on securities available for sale, net of tax and other		3,419	6,343
Net unrealized losses on derivatives hedging variability of cash flows, net of tax		(1)	-
Foreign currency translation, net of tax		892	807
Total Shareholders' Equity	[16], [18]	40,193	43,683
Total Liabilities and Shareholders' Equity		918,222	928,994

Commitments and contingent liabilities (Notes 11, 28 and 32)

^(a) Issued: 2001: 621,568,446 shares; 2000: 616,514,046 shares

^(b) Common shares in treasury, at cost: 2001: 7,092,821 shares; 2000: 1,913,281 shares

The accompanying notes are an integral part of the Consolidated Financial Statements.

Statement of Changes in Shareholders' Equity Deutsche Bank Group

Statement of Changes in Shareholders' Equity			
in € m.	1.1.–31.12. 2001	1.1.–31.12. 2000	1.1.–31.12. 1999
Common shares			
Balance, beginning of year	1,578	1,573	1,363
Common shares distributed under employee benefit plans	13	5	5
Issuance of common shares	0	0	205
Balance, end of year	1,591	1,578	1,573
Additional paid-in capital			
Balance, beginning of year	10,876	10,556	7,265
Common shares distributed under employee benefit plans	462	188	120
Issuance of common shares	0	0	3,053
Net gains (losses) on treasury shares sold	(85)	132	118
Balance, end of year	11,253	10,876	10,556
Retained earnings			
Balance, beginning of year	23,331	10,581	9,592
Net income	167	13,513	1,613
Cash dividends declared and paid	(801)	(706)	(600)
Other	(78)	(57)	(24)
Balance, end of year	22,619	23,331	10,581
Common shares in treasury, at cost			
Balance, beginning of year	(119)	(61)	(52)
Purchases of shares	(37,032)	(35,731)	(22,065)
Sale of shares	36,090	35,366	21,907
Treasury shares distributed under employee benefit plans	582	307	149
Balance, end of year	(479)	(119)	(61)
Share awards – common shares issuable			
Balance, beginning of year	1,883	821	270
Deferred share awards granted, net	487	1,356	689
Deferred shares distributed	(704)	(294)	(138)
Balance, end of year	1,666	1,883	821
Share awards – deferred compensation			
Balance, beginning of year	(1,016)	(538)	(154)
Deferred share awards granted, net	(487)	(1,356)	(689)
Amortization of deferred compensation, net	736	878	305
Balance, end of year	(767)	(1,016)	(538)
Accumulated other comprehensive income			
Balance, beginning of year	7,150	9,419	8,931
Unrealized net gains (losses) on securities available for sale, net of tax and other	(2,924)	(2,701)	102
Unrealized net losses on derivatives hedging variability of cash flows, net of tax	(1)	–	–
Foreign currency translation, net of tax	85	432	386
Balance, end of year	4,310	7,150	9,419
Total Shareholders' Equity, end of year	40,193	43,683	32,351

The accompanying notes are an integral part of the Consolidated Financial Statements.

Cash Flow Statement Deutsche Bank Group

Cash Flow Statement			
in € m.	1.1.–31.12. 2001	1.1.–31.12. 2000	1.1.–31.12. 1999
Net income	167	13,513	1,613
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Provision for loan losses	1,024	478	725
Restructuring activities	294	125	459
Gain on sale of securities available for sale, other investments, loans and other	(2,806)	(4,161)	(658)
Deferred income taxes, net	(159)	(8,332)	(501)
Impairment, depreciation and other amortization and accretion	4,886	3,320	2,155
Cumulative effect of accounting changes, net of tax	207	–	–
Share of net loss (income) from investments held at equity	278	(338)	(38)
Income adjusted for noncash charges, credits and other items	3,891	4,605	3,755
Net change in			
Trading assets	(1,263)	(35,599)	(18,806)
Other assets	(9,670)	11,258	6,425
Trading liabilities	(3,022)	(16,411)	(5,177)
Other liabilities	(4,559)	(264)	(328)
Other, net	1,412	3,075	6,039
Net cash used in operating activities	(13,211)	(33,336)	(8,092)
Net change in			
Interest-earning deposits with banks	9,232	(11,238)	1,025
Central bank funds sold	236	2,445	2,903
Securities purchased under resale agreements	(48,195)	33,740	7,050
Securities borrowed	33,138	(7,272)	(12,464)
Loans	5,802	(28,064)	(16,454)
Proceeds from			
Sale of securities available for sale	41,128	43,058	61,129
Maturities of securities available for sale	2,746	17,369	5,762
Sale of other investments	7,096	4,405	1,309
Sale of loans	16,185	16,496	10,342
Sale of premises and equipment	1,015	344	803
Purchase of			
Securities available for sale	(34,289)	(55,463)	(79,135)
Other investments	(7,976)	(7,702)	(3,968)
Loans	(8,903)	(7,586)	(5,529)
Premises and equipment	(3,689)	(2,164)	(3,331)
Net cash received (paid) for business combinations/divestitures	924	(1,096)	(4,547)
Other, net	958	252	(149)
Net cash provided by (used in) investing activities	15,408	(2,476)	(35,254)
Net change in			
Deposits	22,548	13,623	15,261
Securities loaned and securities sold under repurchase agreements	(1,645)	(29,998)	14,155
Other short-term borrowings	(29,602)	26,940	(8,925)
Issuances of long-term debt and trust preferred securities	32,958	61,233	55,588
Repayments and extinguishments of long-term debt and trust preferred securities	(22,884)	(40,371)	(35,629)
Issuances of common shares	320	193	3,383
Purchases of treasury shares	(37,032)	(35,731)	(22,065)
Sale of treasury shares	36,024	35,514	22,134
Cash dividends paid	(801)	(706)	(600)
Other, net	(522)	(664)	(706)
Net cash (used in) provided by financing activities	(636)	30,033	42,596
Net effect of exchange rate changes on cash and due from banks	325	2,710	908
Net increase (decrease) in cash and due from banks	1,886	(3,069)	158
Cash and due from banks, beginning of the year	8,502	11,571	11,413
Cash and due from banks, end of the year	10,388	8,502	11,571
Interest paid	48,099	46,250	28,462
Income taxes paid, net	1,251	1,819	1,467
Noncash investing activities			
Transfer from available for sale securities to trading assets	22,101	507	–
Transfer from trading assets to available for sale securities	14,938	–	–

The accompanying notes are an integral part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

[1] Significant Accounting Policies and Recent Accounting Developments

Deutsche Bank Aktiengesellschaft ("Deutsche Bank" or the "Parent") is a stock corporation organized under the laws of the Federal Republic of Germany. Deutsche Bank together with all majority-owned subsidiaries (the "Group") is a global provider of a full range of corporate and investment banking, private clients and asset management products and services. For a discussion of the Group's business segment information, see Note 26.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's estimates.

Certain prior period amounts have been reclassified to conform to the current presentation.

The consolidated financial statements are stated in euros.

The following is a description of the significant accounting policies of the Group.

Principles of Consolidation and Other Investments

The consolidated financial statements include Deutsche Bank together with all majority-owned subsidiaries. All material intercompany transactions and accounts have been eliminated.

Investments in enterprises over which the Group has the ability to significantly influence operating and financial policies of the investee are accounted for using the equity method. Generally, this is where the Group has an investment between 20 % and 50 % of the voting stock of a corporation or 3 % or more of a limited partnership. Other factors that are considered in determining significant influ-

ence include representation on the board of directors (supervisory board in the case of German stock corporations) and material intercompany transactions. These investments are reported in other investments and the pro-rata share of their income or loss, on a U.S. GAAP basis, as well as disposition gains and losses, are included in net income from equity investments. Equity method losses in excess of the Group's carrying amount of the investment in the enterprise are charged against other assets held by the Group related to the investee. The difference between the Group's cost and its proportional underlying equity in net assets of the investee at the date of investment is amortized on a straight-line basis against net income from equity investments over a period not exceeding fifteen years.

Special Purposes Entities ("SPEs") are legal entities created for a particular purpose and are used in structuring a wide range of capital markets products. Unless the SPE meets the criteria for a Qualifying Special Purpose Entity ("QSPE") as defined in SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS 140") (see Asset Securitizations below), the Group consolidates SPEs when it is deemed to control and/or retain the majority of the risks and rewards of the SPE.

Designated investment companies which are subsidiaries of the Parent are consolidated. The underlying holdings of such designated investment companies are included in other investments, as they primarily represent non-marketable equity securities, and are carried at fair value. Changes in fair value of the underlying holdings are included in other revenues.

Direct investments, including venture capital companies and non-marketable securities, over which the Group does not have significant influence are included in other investments and carried at historical cost, net of declines in fair value below cost that are deemed to be other than temporary. Gains and losses upon sale or impairment are included in other revenues.

Foreign Currency Translation

With the introduction of the euro on January 1, 1999, the Group adopted the euro as its reporting currency.

Revenues and expenses are translated at the weighted-average rate during the year. Assets and liabilities denominated in currencies other than an entity's functional currency are translated into its functional currency using the period end exchange rates and the resulting transaction gains and losses, as well as any gains and losses from related hedges, are reported in the Consolidated Statement of Income. Assets and liabilities of entities whose functional currency is not the euro are translated into the euro using the period end exchange rates and the translation gains and losses, net of any hedge and tax effects, are reported in accumulated other comprehensive income within shareholders' equity.

Reverse Repurchase and Repurchase Agreements

Securities purchased under resale agreements ("reverse repurchase agreements") and securities sold under agreements to repurchase ("repurchase agreements") are generally treated as collateralized financings and are carried at the amount of cash disbursed and received, respectively. Generally, the party disbursing the cash takes possession of the securities serving as collateral for the financing. Securities purchased under resale agreements consist primarily of OECD country sovereign bonds or sovereign guaranteed bonds. Securities owned and pledged as collateral under repurchase agreements in which the counterparty has the right by contract or custom to sell or repledge the collateral are disclosed on the Consolidated Balance Sheet in accordance with SFAS 140.

The Group monitors the fair value of the securities received or delivered. For securities purchased under resale agreements, the Group requests additional securities or the return of a portion of the cash disbursed when appropriate in response to a decline in the market value of the securities received. Similarly, the return of excess securities or additional cash is requested when appropriate in response to an increase in the market value of securities sold under repurchase agreements. The Group offsets reverse repurchase and repurchase agreements with

the same counterparty which meet the applicable netting criteria in FASB Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements" ("FIN 41"). Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are reported as interest revenues and interest expense, respectively.

Securities Borrowed and Securities Loaned

Securities borrowed and securities loaned are recorded at the amount of cash advanced and cash received, respectively, and are collateralized primarily by equity and fixed income securities. Securities borrowed transactions generally require the Group to deposit cash with the securities lender. In a securities loaned transaction, the Group generally receives either cash collateral, in an amount equal to or in excess of the market value of securities loaned, or securities. If the securities received may be sold or repledged, they are accounted for as trading assets. The Group monitors the fair value of securities borrowed and securities loaned and additional collateral is obtained, if necessary. Fees received or paid are reported in interest revenues and interest expense, respectively. Securities owned and pledged as collateral under securities lending agreements in which the counterparty has the right by contract or custom to sell or repledge the collateral are disclosed on the Consolidated Balance Sheet in accordance with SFAS 140.

Trading Securities and Securities Available for Sale

The Group designates debt and marketable equity securities as either held for trading purposes or available for sale at the date of acquisition.

Trading assets, as well as short trading positions which are classified as trading liabilities, are carried at their fair values and related realized and unrealized gains and losses are included in trading revenues.

Securities available for sale are carried at fair value with the changes in fair value, net of applicable deferred income taxes and, where applicable, adjustments to insurance policyholder liabilities and deferred acquisition costs, reported in accumulated other comprehensive income within shareholders' equity. Declines in fair value of securities available for sale below their amortized cost that are deemed to be other than temporary are reflected in the Consolidated Statement of Income in net gains on securities available for sale. The amortization of premiums and accretion of discounts are recorded in interest revenues, and realized gains and losses are recorded in net gains on securities available for sale. Generally, the weighted-average cost method is used to determine the cost of securities sold.

Fair value is generally based on quoted market prices, price quotes from brokers or dealers or discounted expected cash flows.

Derivatives

All freestanding derivatives, whether held for trading or non-trading purposes, are carried at fair value in the balance sheet. Derivative features embedded in other contracts that meet certain criteria are also measured at fair value. Fair values for derivatives are based on quoted market prices or pricing models which take into account current market and contractual prices of the underlying instruments as well as time value and yield curve or volatility factors underlying the positions. Fair values also take into account expected market risks, modeling risks, administrative costs and credit considerations. Assets and liabilities arising from contracts covered by qualifying master netting agreements are reported on a net basis, in accordance

with FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts" ("FIN 39").

The Group enters into swaps, futures contracts, forward commitments, options and other similar types of contracts and commitments based on interest and foreign exchange rates, and equity and commodity prices, for trading purposes. Such positions are carried at their fair values as either trading assets or trading liabilities, and related gains and losses are included in trading revenues.

Derivative features embedded in other non-trading contracts are measured separately at fair value when they are not clearly and closely related to the host contract and meet the definition of a derivative. Unless designated as a hedge, changes in the fair value of such an embedded derivative are reported in trading revenues. The carrying amount is reported on the Consolidated Balance Sheet with the host contract.

Certain derivatives entered into for non-trading purposes, not qualifying for hedge accounting, that are otherwise effective in offsetting the effect of transactions on noninterest revenues and expenses are recorded in other assets or other liabilities with changes in fair value recorded in the same noninterest revenues and expenses captions affected by the transaction being offset. The changes in fair value of all other derivatives not qualifying for hedge accounting are recorded in trading revenues.

Beginning January 1, 2001, the Group has applied hedge accounting in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). There are three possible types of hedges under this standard, each of which is accounted for differently: (1) fair value hedges, (2) cash flow hedges, and (3) hedges of net investments in foreign operations.

For fair value hedges, changes in the fair value of the hedged asset or liability due to the risk being hedged are recognized in earnings along with changes in the entire fair value of the derivative. When hedging interest rate risk, for both the derivative and the hedged item any interest accrued or paid is reported in interest income or expense and the unrealized gains and losses from the fair value adjustments are reported in other revenues or other expenses. When hedging the foreign exchange risk in an

available for sale security, the fair value adjustments related to the foreign exchange exposures are also recorded in other revenues or other expenses. Hedge ineffectiveness for a fair value hedge is measured as the net amount of the unrealized gain and loss for the period from these fair value adjustments to the derivative and hedged item recorded in other revenues or other expenses.

If a fair value hedge is canceled because the derivative is terminated or de-designated, any remaining fair value adjustment made to the currency-denominated carrying amount of a hedged debt instrument is amortized to interest over the remaining life of the original hedge. For other types of fair value hedges or anytime the hedged asset or liability is sold or terminated, any basis adjustments are included in the calculation of the gain or loss on sale or termination.

For cash flow hedges, there is no special accounting for the hedged item and the derivative is carried at fair value with changes in value reported initially in other comprehensive income to the extent the hedge is effective. These amounts in other comprehensive income are subsequently reclassified into earnings in the same periods during which the forecasted transaction affects earnings. Thus, for hedges of interest rate risk the amounts are amortized into interest revenues or expense along with the interest accruals on the hedged transaction. When hedging the foreign exchange risk in an available for sale security, the amounts resulting from foreign exchange risk are included in the calculation of the gain or loss on sale once the hedged security is sold. Hedge ineffectiveness for cash flow hedges is recorded in other revenues or other expenses and is generally measured as the difference between the changes in fair value of the actual hedging derivative and a hypothetically perfect hedge.

When cash flow hedges related to debt instruments are canceled, amounts remaining in other comprehensive income are amortized to interest revenues or expense over the original life of the hedge, except for amounts offsetting translation effects of securities available for sale. For cancellations of other types of cash flow hedges, amounts accumulated in other comprehensive income are recognized into earnings either in the same income state-

ment caption and period as the forecasted transaction, or in other revenues or other expenses when it is no longer probable that the forecasted transaction will occur.

For hedges of net investments in foreign operations, the portion of the change in fair value of the derivative due to changes in the spot foreign exchange rate is recorded as a foreign currency translation adjustment in other comprehensive income, the remainder is recorded as other revenues or other expenses.

Any derivative de-designated as a hedge is transferred to trading assets and liabilities and marked to market with changes in fair value recognized in trading revenues. For any hedging derivative that is terminated, the difference between the derivative's carrying amount and the cash paid or received is recognized as other revenues or other expenses.

Prior to 2001, most of the derivatives entered into for non-trading purposes, although considered effective as economic hedges, did not qualify for hedge accounting mainly due to contemporaneous documentation requirements that could not be fulfilled when initially adopting U.S. GAAP after the fact. Consequently, these derivatives have been accounted for as trading derivatives, that is, they are marked to market and the changes in fair value are reported in trading revenues.

In addition, for periods prior to January 1, 2001, hedge accounting was different for the limited cases where it was applied for certain interest rate and foreign currency hedges. Interest rate swaps were accounted for as off-balance sheet transactions with interest payable or receivable recorded on an accrual basis. For cross currency interest rate swaps, interest was accrued and the foreign currency notional amount of the swaps was translated at spot rates with the resulting gain or loss reported in earnings. No special accounting was applied to the hedged items.

Loans

Loans generally are carried at their outstanding unpaid principal balances net of charge-offs, net of any deferred fees and costs on originated loans, and net of any unamortized premiums or discounts on loans. Interest revenues are accrued on the unpaid principal balance. Net deferred fees and premiums or discounts are recorded as an adjustment of the yield (interest revenues) over the lives of the related loans.

Loans are placed on a non-accrual status if either the loan has been in default as to payment of principal or interest for 90 days or more and the loan is neither well secured nor in the process of collection; or the loan is not yet 90 days past due, but in the judgement of management the accrual of interest should be ceased before 90 days because it is probable that all contractual payments of interest and principal will not be collected. Prior to 2001, entities regulated outside the U.S. placed loans on non-accrual status when management determined that the payment of principal or interest was doubtful of collection; adopting the 90 day practice did not have a material effect on interest income recognized in 2001. Management's judgment is applied based on its credit assessment of the borrower in determining when a loan should be placed on non-accrual status. When a loan is placed on a non-accrual status, any accrued but unpaid interest previously recorded is reversed against current period interest revenues. Cash receipts of interest on non-accrual loans are recorded as either interest revenues or a reduction of principal according to management's judgment as to the collectibility of principal.

Leasing Transactions

Lease financing transactions, which include direct financing and leveraged leases, in which a Group entity is the lessor are classified as loans. Unearned income is amortized to interest revenues over the lease term using the interest method. Capital leases in which a Group entity is the lessee are capitalized as assets and reported in premises and equipment.

Allowances for Credit Losses

The allowances for credit losses represent management's estimate of probable losses that have occurred in the loan portfolio and other lending-related commitments as of the date of the consolidated financial statements. The allowance for loan losses is reported as a reduction of loans and the allowance for credit losses on lending-related commitments is reported in other liabilities.

To allow management to determine the appropriate level of the allowance for loan losses, all significant counterparty relationships are reviewed periodically, as are loans under special supervision, such as impaired loans. Smaller-balance standardized homogeneous loans are collectively evaluated for impairment. This review encompasses current information and events related to the counterparty, as well as industry, geographic, economic, political, and other environmental factors. This process results in an allowance for loan losses which consists of a specific loss component and an inherent loss component.

The specific loss component is the allowance for impaired loans as calculated under SFAS No. 114, "Accounting by Creditors for Impairment of a Loan" as amended by SFAS No. 118 "Accounting by Creditors for Impairment of a Loan – Income Recognition and Disclosures" (collectively "SFAS 114"). Impaired loans represent loans for which, based on current information and events, it is probable that the Group will not be able to collect all principal and interest amounts due in accordance with the contractual terms of the loan agreement. The measurement of specific loss is determined by the excess of the recorded investment in the loan, including accrued interest, over either the present value of expected future cash flows, the fair value of the underlying collateral or the mar-

ket price of the loan. No specific loss is provided for impaired loans for which either the present value of expected future cash flows, the fair value of the underlying collateral or the market price of the loan exceeds the recorded investment. Impaired loans are generally placed on a non-accrual status. The inherent loss component is for all other loans not individually considered impaired but that, on a portfolio basis, are believed to have some inherent loss, in accordance with SFAS No. 5, "Accounting for Contingencies" ("SFAS 5"). The inherent loss component consists of an allowance for country risk, an allowance for smaller-balance standardized homogeneous exposures and an other inherent loss component. The country risk component is for loan exposures in countries where there are serious doubts about the ability of counterparties to comply with the repayment terms due to the economic or political situation prevailing in the respective country of domicile, that is, for transfer and currency convertibility risks. The allowance for smaller-balance standardized homogeneous exposures, which includes automobile loans, residential and smaller commercial mortgages, overdrafts, small business working capital loans and loans to private banking customers and retail customers, is established by dividing the portfolio into two segments: an allowance for those loans that are current and performing is established using the other inherent loss methodology described below, and an allowance for those that are delinquent is established by individual loan evaluation using techniques based upon the collateral available, past due status and other characteristics. These allowances are then aggregated and maintained at a portfolio level. The other inherent loss component represents an estimate of inherent losses resulting from the imprecisions and uncertainties in determining credit losses. Loans subject to this component of the allowance exclude those that have been determined to be impaired under SFAS 114. This component is calculated by applying loss factors, which are derived for each legal entity, to the corresponding period end loan categories. Loss factors for each legal entity are derived as a ratio of historical average loan losses (net of recoveries) to an historical average of its loan exposures and adjusted for relevant environmental factors.

Amounts determined to be uncollectible are charged to the allowance. Subsequent recoveries, if any, are credited to the allowance. The provision for loan losses, which is charged to income, is the amount necessary to adjust the allowance to the level determined through the process described above.

Asset Securitizations

When the Group transfers financial assets to securitization trusts in securitizations of mortgage or other loan portfolios, it may retain one or more subordinated tranches, cash reserve accounts, or in some cases, servicing rights or interest-only strips, all of which are retained interests in the securitized assets. Gain or loss on transfers accounted for as sales depends in part on the previous carrying amounts of the financial assets involved in the transfer, allocated between the assets sold and the retained interests based on their relative fair values at the date of transfer. Retained interests other than servicing rights are classified as trading assets, securities available for sale or other assets depending on the nature of the retained interest. Servicing rights are classified in intangible assets, carried at the lower of the allocated basis or current fair value and amortized in proportion to and over the period of net servicing revenue. To obtain fair values, quoted market prices are used if available. However, for securities representing retained interests from securitizations of financial assets, quotes are often not available, so the Group generally estimates fair value based on the present value of future expected cash flows using management's best estimates of the key assumptions (loan losses, prepayment speeds, forward yield curves, and discount rates) commensurate with the risks involved. Interest revenues on retained interests are recognized using the effective yield method. Securitization trusts that meet the criteria for QSPEs, as defined in SFAS 140, are not consolidated.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of premises is 25 to 50 years and for furniture and equipment is 3 to 10 years. Leasehold improvements are depreciated on a straight-line basis over the term of the lease or the estimated useful life of the improvement, whichever is shorter, generally 3 to 15 years. Depreciation and amortization of premises is included in net occupancy expense of premises, while depreciation of equipment is

included in furniture and equipment expense. Maintenance and repairs are charged to expense and improvements are capitalized. Gains and losses on dispositions are reflected in other noninterest revenues.

Leased properties meeting certain criteria are capitalized as assets in premises and equipment and depreciated over the terms of the leases.

Eligible costs related to software developed or obtained for internal use are capitalized and depreciated using the straight-line method over a period of 3 to 5 years. Eligible costs include external direct costs for materials and services, as well as payroll and payroll related costs for employees directly associated with an internal-use software project. Overhead, as well as costs incurred during planning or after the software is ready for use, are expensed as incurred.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets, which includes servicing rights related to asset securitizations, are amortized over their estimated useful lives. Goodwill represents the excess of cost over the fair value of net assets acquired at the date of acquisition and is amortized on a straight-line basis over a period not exceeding fifteen years. Other intangible assets are amortized over a period of 3 to 15 years.

Impairment

Securities available for sale, equity method and direct investments (including venture capital companies and non-marketable securities) are subject to impairment reviews. An impairment charge is recorded if a decline in fair value below the asset's amortized cost or carrying value, depending on the nature of the asset, is deemed to be other than temporary.

Goodwill, other intangible assets, and property, plant, and equipment are also subject to impairment reviews if a change in circumstances indicates that the carrying amount of an asset may not be recoverable. If estimated undiscounted cash flows relating to an asset held for use are less than its carrying amount, an impairment charge is recorded to the extent the fair value of the asset is less than its carrying amount. For an asset held for disposal, an impairment charge is recorded based on the lower of the asset's carrying value or net realizable value.

Income Taxes

The Group recognizes the current and deferred tax consequences of all transactions that have been recognized in the consolidated financial statements, using the provisions of the appropriate jurisdictions' tax laws. Deferred tax assets and liabilities are recognized for the estimated future tax effects of temporary differences, net operating loss carryforwards and tax credits. The amount of deferred tax assets is reduced by a valuation reserve, if necessary, to the amount that based on available evidence will more likely than not be realized.

Deferred tax liabilities and assets are adjusted for the effect of changes in tax laws and rates in the period that includes the enactment date.

Share-Based Compensation

The Group has elected to account for its share awards under the intrinsic value-based method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") as permitted by SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). Under the intrinsic value-based method, compensation expense is the excess, if

any, of the quoted market price of the shares at grant date or other measurement date over the amount an employee must pay, if any, to acquire the shares. Compensation expense is recorded over the period in which employees perform services to which the awards relate. Compensation expense is reversed in the period an award is forfeited.

The Group records its obligations under outstanding deferred share awards in shareholders' equity as share awards – common shares issuable. The related deferred compensation is also included in shareholders' equity. These classifications are based upon the Group's intent to settle these awards with its common shares. Compensation expense for share-based awards payable in cash is remeasured based on the underlying share price changes and the related obligations are included in other liabilities until paid.

The Group discloses pro forma net income and earnings per share under the fair value method prescribed by SFAS 123.

Comprehensive Income

Comprehensive income is defined as the change in equity of an entity excluding transactions with shareholders such as the issuance of common or preferred shares, payment of dividends and purchase of treasury shares. Comprehensive income has two major components: net income, as reported in the Consolidated Statement of Income, and other comprehensive income as reported in the Consolidated Statement of Comprehensive Income. Other comprehensive income includes such items as unrealized gains and losses on foreign currency translation and on securities available for sale, net of applicable deferred income taxes and the effective portions of realized and unrealized gains and losses from derivatives used as cash flow hedges, less amounts reclassified to earnings in combination with the hedged items. It also includes, where applicable, adjustments to insurance policyholder liabilities and deferred acquisition costs. Comprehensive income does not include changes in the fair value of non-marketable securities, traditional credit products and other assets generally carried at cost.

Cash Flow Statement

For purposes of the Consolidated Cash Flow Statement, the Group's cash and cash equivalents are cash and due from banks.

Insurance Activities

Insurance Premiums and Policyholder Benefits and Claims. Insurance premiums from long duration life and health contracts are earned when due. Premiums from short duration contracts, primarily property and casualty, are earned over the period of the contract in proportion to the amount of insurance protection provided. The Group does not have significant reinsurance activities. Policyholder benefits and claims are associated with premiums by means of the insurance policy and claim reserves and other insurance activity related expenses.

Deferred Acquisition Costs. Acquisition costs that vary with and are primarily related to the acquisition of new and renewal insurance contracts, principally commissions, certain underwriting and agency expenses and the costs of issuing policies are deferred to the extent that they are recoverable from future earnings. Deferred acquisition costs for non-life business are amortized over the premium-paying period of the related policies. Deferred acquisition costs of life business are generally amortized over the life of the insurance contract or at a constant rate based upon the present value of estimated gross profits or estimated gross margins expected to be realized.

Insurance liabilities. Benefit reserves for life business, annuities and health policies have been computed based upon mortality, morbidity, persistency and the interest rate assumptions applicable to these coverages, including provisions for adverse deviation. Participating life contracts include provisions for terminal dividends. These assumptions consider Group experience and industry standards that may be revised if it is determined that future experience will differ substantially from those previously assumed.

The provision for premium refunds includes amounts allocated to policyholder accounts under relevant local statutory or contractual requirements as well as amounts that result from differences between these financial statements and statutory financial statements and that will reverse and enter into future deferred profit sharing calculations. Unrealized gains and losses in connection with the valuation of investments are also recognized in the provision for premium refunds to the extent that the policyholder will participate in such gains and losses on the basis of statutory or contractual regulations when they are realized.

Included in other insurance provisions and liabilities are property and casualty loss reserves which include estimates for both reported and unreported claims incurred and related claims adjustment expenses. Loss reserves for property and casualty insurance represent the estimated ultimate unpaid cost of all incurred claims and are adjusted regularly based on experience. Unearned premiums for property and casualty insurance included in other insurance provisions represent the unexpired portion of policy premiums.

Liabilities under unit-linked business where the investment risk is borne by the contract holders represent funds for contracts in which investment income and investment gains and losses accrue directly to the contract holders, as well as reserves for mortality risks and expenses related to those contracts. The assets related to these accounts are legally segregated and are not subject to claims that arise out of any other business of the Group. The assets are carried at fair value. Deposits received under unit-linked business have been reduced for amounts assessed for management services and risk premiums.

Deposits, net investment income and realized investment gains and losses for these accounts are excluded from revenues and related liability increases are excluded from policyholder benefits and claims.

In determining insurance reserves, the Group performs a continuing review of its overall position, its reserving techniques and its reinsurance. Since the reserves are based on estimates, the ultimate liability may be more or less than carried reserves. The effects of changes in such estimated reserves are included in the Consolidated Statement of Income in the period in which the estimates are changed.

Recent Accounting Developments

SFAS 141 and 142. In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations" ("SFAS 141") and SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 141 requires that all business combinations initiated after June 30, 2001 be accounted for by the purchase method and eliminates the use of the pooling-of-interests method. Other provisions of SFAS 141 and SFAS 142 require that, as of January 1, 2002, goodwill no longer be amortized, reclassifications between goodwill and other intangible assets be made based upon certain criteria, and, once allocated to reporting units (the business segment level, or one level below), that tests for impairment of goodwill be performed on an ongoing basis. Upon adoption of the requirements of SFAS 142 as of January 1, 2002, the Group discontinued the amortization of goodwill with a net carrying amount of € 8.7 billion. The annual amortization of this goodwill was estimated at € 815 million for 2002. The Group continues to evaluate the additional effects, if any, that the adoption of SFAS 141 and SFAS 142 will have on the Group's consolidated financial statements.

SFAS 144 . In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("SFAS 121"), and the accounting and report-

ing provisions of APB Opinion No. 30, "Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" ("APB 30"), for the disposal of a segment of a business. This Statement also amends ARB No. 51, "Consolidated Financial Statements" ("ARB 51"), to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. SFAS 144 is effective for fiscal years beginning after December 15, 2001. Upon adoption all long-lived assets to be disposed of and discontinued operations shall be measured at the lower of carrying amount or fair value less cost to sell. This Statement also broadens the existing definition of discontinued operations to include a component of an entity (rather than a segment of a business). The adoption of SFAS 144 will not have a material impact on the Group's consolidated financial statements.

[2] Impact of Changes in Accounting Principles

SFAS 133

Effective January 1, 2001, the Group adopted SFAS 133. SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires companies to recognize all derivatives on the balance sheet as assets or liabilities measured at fair value. The change in a derivative's fair value is generally recognized in current period earnings or equity. Upon adoption of SFAS 133, the Group recorded a net transition expense of € 207 million, net of an income tax benefit of € 118 million, as a cumulative effect of a change in accounting principle in the Consolidated Statement of Income. This amount was primarily due to the adjustment required to bring certain embedded derivatives to fair value and to adjust the carrying amount of the related host contracts (items in which the derivatives are embedded) at January 1, 2001, pursuant to the SFAS 133 transition provisions for embedded derivatives that must be accounted for separately. As permitted by SFAS 133, upon adoption the Group transferred debt securities with a fair value of € 22,101 million from securities available for sale to trading assets and recognized the related unrealized gains of € 150 million in earnings for the year ended December 31, 2001.

SFAS 140

Effective April 1, 2001, the Group adopted SFAS 140, a replacement of FASB Statement No. 125. SFAS 140 carries forward most of the provisions of SFAS 125. It requires additional disclosures for collateral and securitization transactions, which were effective for fiscal years ending after December 15, 2000. Effective for the quarter commencing April 1, 2001, it also includes revised criteria, to be applied prospectively, for the transfer of assets and QSPEs. The adoption of SFAS 140 did not have a material impact on the Group's consolidated financial statements.

EITF 99-20

Effective April 1, 2001, the Group adopted EITF Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets" ("EITF 99-20"). EITF 99-20 provides new guidance regarding income recognition and determination of impairment on certain asset-backed securities held as investments, with particular impact on those investments held outside of trading accounts. The adoption of EITF 99-20 did not have a material impact on the Group's consolidated financial statements.

[3] Acquisitions and Dispositions

On June 4, 1999, the Group acquired all of the outstanding common shares of Bankers Trust Corporation ("Bankers Trust"), a registered bank holding company located in the United States, for a purchase price in cash of approximately U.S.\$ 9.2 billion. Deutsche Bank accounted for this acquisition as a purchase. A portion of the purchase price has been allocated to assets acquired and liabilities assumed based on estimated fair market value at the date of acquisition while the remaining balance of U.S.\$ 6.9 billion was recorded as goodwill. In the period from the acquisition to December 31, 2001, the goodwill arising from this transaction was amortized on a straight-line basis based upon an estimated useful life of 15 years. The results of operations of Bankers Trust are included in the consolidated financial statements of the Group beginning June 5, 1999.

The Group acquired National Discount Brokers Group, Inc. ("NDB") in two steps with control being achieved in November 2000. The total purchase price was approximately U.S.\$ 1.0 billion. The acquisition was accounted for

as a purchase, which resulted in the recording of goodwill of U.S.\$ 616 million. In the period from the acquisition to December 31, 2001, goodwill was amortized on a straight-line basis based upon an estimated useful life of 15 years. In September 2001, Deutsche Bank sold NDB's on-line brokerage business to Ameritrade Holding Corp., which reduced goodwill related to the NDB acquisition by U.S.\$ 146 million. As a result of this transaction, the Group owns approximately 13 % of Ameritrade Holding Corp.

During 2001, Deutsche Bank decided that its commercial finance operation in North America was no longer a core business and committed to a plan to dispose of it. The business was transferred to the Corporate Investments Group Division and valued at the lower of carrying value or fair value less cost to sell.

While management's estimate of fair value is based on an analysis of the business and valuations M&A activity in the U.S. commercial finance industry remained weak when preparing such valuations. Consequently, the price ultimately realized for the business could differ materially from the current estimate of fair value.

[4] Trading Assets and Trading Liabilities

The components of these accounts, which are carried at fair value, are as follows:

in € m.	31.12.2001	31.12.2000
Bonds and other fixed-income securities	150,698	148,005
Equity shares and other variable-yield securities	77,683	77,859
Positive market values from derivative financial instruments ^(a)	60,622	56,466
Other trading assets	4,650	2,541
Trading assets	293,653	284,871
Bonds and other fixed-income securities	48,784	40,430
Equity shares and other variable-yield securities	18,346	25,957
Negative market values from derivative financial instruments ^(a)	54,199	57,564
Trading liabilities	121,329	123,951

^(a) Derivatives under master netting agreements are shown net.

[5] Securities Available for Sale

The fair value, amortized cost and gross unrealized holding gains and losses for the Group's securities available for sale follow:

in € m.				31.12.2001
	Fair Value	Gross Unrealized Holding		Amortized Cost
		Gains	Losses	
Debt securities				
German government	4,339	66	(9)	4,282
U.S. Treasury and U.S. government agencies	192	0	0	192
U.S. local (municipal) governments	50	0	0	50
Other foreign governments	14,676	229	(210)	14,657
Corporates	22,116	643	(193)	21,666
Other asset-backed securities	3,189	12	(2)	3,179
Mortgage-backed securities, principally obligations of U.S. Federal agencies	1,083	21	(1)	1,063
Other debt securities	1,857	55	(1)	1,803
Equity securities				
Equity shares	22,600	10,022	(750)	13,328
Investment certificates and mutual funds	1,507	48	(13)	1,472
Other	57	36	0	21
Total securities available for sale	71,666	11,132	(1,179)	61,713

in € m.				31.12.2000
	Fair Value	Gross Unrealized Holding		Amortized Cost
		Gains	Losses	
Debt securities				
German government	634	11	(5)	628
U.S. Treasury and U.S. government agencies	172	0	(1)	173
U.S. local (municipal) governments	17	0	0	17
Other foreign governments	16,902	277	(227)	16,852
Corporates	37,200	1,360	(797)	36,637
Other asset-backed securities	4,252	35	(53)	4,270
Mortgage-backed securities, principally obligations of U.S. Federal agencies	3,803	21	(51)	3,833
Other debt securities	200	17	0	183
Equity securities				
Equity shares	27,136	14,493	(607)	13,250
Investment certificates and mutual funds	1,769	128	(15)	1,656
Other	165	45	(6)	126
Total securities available for sale	92,250	16,387	(1,762)	77,625

in € m.	Fair Value	Gross Unrealized Holding		31.12.1999
		Gains	Losses	Amortized Cost
Debt securities				
German government	3,453	13	(15)	3,455
U.S. Treasury and U.S. government agencies	721	0	(10)	731
U.S. local (municipal) governments	16	0	0	16
Other foreign governments	20,768	485	(250)	20,533
Corporates	31,499	1,463	(705)	30,741
Other asset-backed securities	1,157	10	(59)	1,206
Mortgage-backed securities, principally obligations of U.S. Federal agencies	5,968	52	(60)	5,976
Other debt securities	86	3	(5)	88
Equity securities				
Equity shares	31,460	19,037	(196)	12,619
Investment certificates and mutual funds	1,500	482	(6)	1,024
Other	193	42	(9)	160
Total securities available for sale	96,821	21,587	(1,315)	76,549

At December 31, 2001, securities issued by DaimlerChrysler AG with a fair value of € 5.9 billion were the only securities of an individual issuer that exceeded 10 % of the Group's total shareholders' equity.

The components of gains (losses) on securities available for sale as reported in the Consolidated Statement of Income follow:

in € m.	2001	2000	1999
Debt securities – gross realized gains	405	268	374
Debt securities – gross realized losses ^(a)	(256)	(363)	(257)
Equity securities – gross realized gains	2,376	4,288	2,284
Equity securities – gross realized losses ^(b)	(1,009)	(523)	(251)
Total net gains on securities available for sale	1,516	3,670	2,150

^(a) Includes € 27 million of write-downs for other than temporary impairment for the year ended December 31, 2001.

^(b) Includes € 401 million of write-downs for other than temporary impairment for the year ended December 31, 2001.

On January 1, 2001, the Group transferred debt securities with a fair value of € 14.9 billion from trading assets to securities available for sale. There was no impact on earnings from this transfer which primarily involved securities issued by German and other foreign governments. Prior to 2001, these securities were risk managed together with derivatives which were classified as trading mainly due to contemporaneous hedge documentation requirements

that could not be fulfilled when initially adopting U.S. GAAP after the fact. Beginning 2001, these securities are hedged in accordance with the Group's management practices with derivatives that qualify for hedge accounting and were reclassified accordingly.

In 2000, the Group transferred certain portfolios, consisting of mutual funds with an aggregate cost of € 170 million, from securities available for sale to trading assets.

These available for sale securities were not subject to active risk management or included in market risk reporting. Management concluded that the market risk management on these securities would be enhanced by moving responsibility for them to the risk managers of the Group's trading portfolio. The resulting gross gain on the transfer of

€ 337 million was recognized in net gains on securities available for sale for the year ended December 31, 2000.

The following table shows the fair value, remaining maturities, approximate weighted-average yields (based on amortized cost) and total amortized cost by maturity distribution of the debt security components of the Group's securities available for sale at December 31, 2001:

in € m.	Up to one year		More than one year and up to five years		More than five years and up to ten years		More than ten years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
German government	493	5.50 %	1,025	6.11 %	2,188	5.49 %	633	5.74 %	4,339	5.67 %
U.S. Treasury and U.S. government agencies	144	2.63 %	14	4.50 %	9	7.61 %	25	8.68 %	192	3.78 %
U.S. local (municipal) governments	9	3.52 %	0	–	38	4.06 %	3	5.33 %	50	4.02 %
Other foreign governments	2,760	4.91 %	4,408	5.70 %	3,121	5.37 %	4,387	5.63 %	14,676	5.46 %
Corporates	1,970	5.25 %	8,382	5.32 %	9,780	5.58 %	1,984	6.72 %	22,116	5.56 %
Other asset-backed securities	0	–	1	2.71 %	273	5.52 %	2,915	5.75 %	3,189	5.73 %
Mortgage-backed securities, principally obligations of U.S. federal agencies	0	–	34	7.60 %	129	5.58 %	920	6.91 %	1,083	6.78 %
Other debt securities	1,833	2.58 %	7	4.04 %	17	4.37 %	0	–	1,857	2.61 %
Total fair value	7,209		13,871		15,555		10,867		47,502	
Total amortized cost	7,132		13,581		15,246		10,933		46,892	

[6] Other Investments

The following table summarizes the composition of other investments:

in € m.	31.12.2001	31.12.2000
Equity method investments	5,344	4,581
Investments held by designated investment companies	274	537
Other equity interests	6,379	7,641
Total	11,997	12,759

Equity Method Investments

Investments for which the Group has significant influence, generally evidenced by a 20 % to 50 % ownership of the voting stock of a corporation or 3 % or more of a limited partnership, are accounted for under the equity method of

accounting. These investments totaled € 5.3 billion and € 4.6 billion at December 31, 2001 and 2000, respectively. The aggregate market value of the investments for which a quoted market price was available amounted to € 592 million at December 31, 2001. These investments had an aggregated carrying value of € 546 million. The Group's pro-rata share of the investees' income or loss determined on a U.S. GAAP basis was a loss of € 278 million and income of € 338 million for the years ended December 31, 2001 and 2000, respectively. In addition, amortization of goodwill of € 31 million and € 26 million for the years ended December 31, 2001 and 2000, respectively, and write-offs for other than temporary impairments of € 113 million for the year ended December 31, 2001 were included in net income (loss) from equity investments.

Related party loans to equity method investees amounted to € 1,348 million and € 685 million at December 31, 2001 and 2000, respectively. All loans to three equi-

ty method investees amounting to € 181 million were on non-accrual status as of December 31, 2001. At December 31, 2000 loans totaling € 85 million to two equity method investees were on non-accrual status.

At December 31, 2001, the following investees represented 75 % of the carrying value of equity method investments:

Investment	Ownership in %
AIH Agrar-Industrie-Holding GmbH, Mannheim	25.00 %
Arrow Property Investments Limited, London	46.18 %
Banca di Cividale S.p.A., Udine	30.00 %
Banque de Luxembourg S.A., Luxembourg	28.95 %
Cassa di Risparmio di Asti S.p.A., Asti	20.00 %
CONSORTIA Versicherungs-Beteiligungsgesellschaft mbH, Frankfurt am Main	30.00 %
DBG Osteuropa-Holding GmbH, Frankfurt am Main	50.00 %
Deutsche European Partners IV, London	24.46 %
Deutsche EuroShop AG, Eschborn/Ts.	44.91 %
Deutsche Interhotel Holding GmbH & Co. KG, Berlin	45.64 %
DIVAFON Beteiligungsgesellschaft mbH, Frankfurt am Main	48.00 %
Gerling-Konzern Versicherungs-Beteiligungs-AG, Köln	30.00 %
Grands Magasins B S.A., Paris ^(a)	21.49 %
IMLY B.V., Rotterdam	39.99 %
K & N Kenanga Holdings Bhd, Kuala Lumpur	16.59 %
MEFIS Beteiligungsgesellschaft mbH, Eschborn/Ts.	43.00 %
Morgan Grenfell Equity Partners, London	25.71 %
NÜRNBERGER Beteiligungsgesellschaft mbH, Nürnberg ^(b)	15.13 %
Orbis S.A., Warsaw	10.37 %
Philipp Holzmann Aktiengesellschaft, Frankfurt am Main	19.55 %
RHEIN-NECKAR BANKBETEILIGUNG GMBH, Stuttgart	49.07 %
SEBA Beteiligungsgesellschaft mbH, Frankfurt am Main	50.00 %
The Kinetics Group, Inc., Santa Clara	33.60 %
United Biscuits (Equity) Ltd., Hayes	20.50 %
Westfälische Hypothekenbank AG, Dortmund	25.00 %

^(a) 42.39 % direct and indirect holdings

^(b) 26.4 % direct and indirect holdings; 79 % of the total holdings were sold in January 2002.

The overall loss of € 278 million for the year ended December 31, 2001 is comprised of the Group's pro-rata share of investees' net income of € 172 million and net losses of € 450 million. Seven equity method investments with a carrying value of € 1,250 million, representing 23 % of the total carrying value of equity method investments, contributed 75 % of the aggregated net losses of € 450 million. Aggregated total assets of these investees were € 47.5 billion at December 31, 2001. Nineteen investments with a carrying value of € 768 million, representing 14 % of the total carrying value of equity method investees, contributed 51 % of the aggregated net income of € 172 million. Aggregated total assets of these investees were € 79.9 billion at December 31, 2001.

For the year ended December 31, 2000 the Group's pro-rata share of investees' net income of € 338 million was comprised of income of € 534 million and losses of € 196 million.

Investments held by Designated Investment Companies

The underlying investment holdings of the Group's designated investment companies are carried at fair value, and totaled € 274 million and € 537 million at December 31, 2001 and 2000, respectively. The decrease of € 263 million during the year ended December 31, 2001 was primarily due to a significant decline in the fair value of the investments. The Group's designated investment companies, all of which are 100 % owned, consist of Small Business Investment Companies ("SBICs"), and one non-SBIC subsidiary in Germany.

Other Equity Interests

Other equity interests totaling € 6.4 billion and € 7.6 billion at December 31, 2001 and 2000, respectively, include investments in which the Group does not have significant influence, including certain venture capital companies and non-marketable securities. These investments are generally accounted for at historical cost, net of write-offs for other than temporary impairments. The write-offs for other than temporary impairments of these investments amounted to € 968 million and € 128 million for the years ended December 31, 2001, and 2000, respectively.

[7] Loans

The following table summarizes the composition of loans:

in € m.	31.12.2001	31.12.2000
German		
Banks and insurance	7,444	11,068
Manufacturing	12,612	13,507
Households (excluding mortgages)	13,509	13,920
Households – mortgages	35,283	34,593
Public sector	20,752	22,531
Wholesale and retail trade	6,559	8,865
Commercial real estate activities	28,311	24,695
Lease financing	436	3,107
Other	22,878	27,907
Total German	147,784	160,193
Non-German		
Banks and insurance	18,954	25,919
Manufacturing	19,462	21,253
Households (excluding mortgages)	7,873	8,832
Households – mortgages	3,718	1,112
Public sector	2,817	3,144
Wholesale and retail trade	9,139	12,680
Commercial real estate activities	9,946	7,864
Lease financing	3,263	4,500
Other	43,131	37,133
Total Non-German	118,303	122,437
Gross loans	266,087	282,630
Less: Unearned income	664	1,225
Less: Allowance for loan losses	5,585	6,745
Total loans, net	259,838	274,660

The "other" category included no single industry group with aggregate borrowings from the Group in excess of 10 % of the total loan portfolio at December 31, 2001.

Certain related third parties have obtained loans from the Group on various occasions. All such loans have been made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transac-

tions with unrelated persons. There were € 1.6 billion and € 1.8 billion of related party loans (excluding loans to equity method investees) outstanding at December 31, 2001 and December 31, 2000, respectively.

Impaired Loans

This table sets forth information about the Group's impaired loans:

in € m.	31.12.2001	31.12.2000	31.12.1999
Total impaired loans ^(a)	10,797	10,296	10,913
Allowance for impaired loans under SFAS 114 ^(b)	3,720	4,577	4,609
Average balance of impaired loans during the year	10,363	7,399	8,647
Interest income recognized on impaired loans during the year	248	376	242

^(a) Included in these amounts are € 8.2 billion, € 8.5 billion and € 8.3 billion as of December 31, 2001, 2000 and 1999, respectively that require an allowance. The remaining impaired loans do not require a specific allowance because either the present value of expected future cash flows, the fair value of the underlying collateral or the market price of the loan exceed the recorded investment.

^(b) The allowance for impaired loans under SFAS 114 is included in the Group's allowance for loan losses.

[8] Allowances for Credit Losses

The allowances for credit losses consist of an allowance for loan losses and an allowance for credit losses on lending-related commitments.

The following table shows the activity in the Group's allowance for loan losses:

in € m.	2001	2000	1999
Balance, beginning of year	6,745	7,281	6,516
Provision for loan losses	1,024	478	725
Net charge-offs	(1,988)	(1,221)	(789)
Charge-offs	(2,055)	(1,296)	(839)
Recoveries	67	75	50
Allowance related to acquisitions/divestitures	(156)	44	594
Foreign currency translation	(40)	163	235
Balance, end of year	5,585	6,745	7,281

The following table shows the activity in the Group's allowance for credit losses on lending-related commitments:

in € m.	2001	2000	1999
Balance, beginning of year	453	569	642
Releases of provision for credit losses	(30)	(33)	(88)
Net charge-offs	(22)	(34)	(3)
Allowance related to acquisitions/divestitures	(2)	5	28
Foreign currency translation	97	(54)	(10)
Balance, end of year	496	453	569

[9] Asset Securitizations

In the normal course of business, the Group accounts for transfers of financial assets in securitization transactions as sales when certain criteria are met, otherwise they are accounted for as secured borrowings. These financial assets are then sold by the securitization trusts to third parties as debt instruments. The third party investors and the securitization trusts have no recourse to the Group's other assets for failure of debtors to perform under the

original terms of the underlying financial assets. The Group may retain interests in the assets created in the securitization trusts.

For the years ended December 31, 2001 and 2000, the Group recognized € 168 million and € 48 million, respectively, of gains on securitizations primarily related to residential and commercial mortgage loans.

The following table summarizes certain cash flows received from and paid to securitization trusts during 2001 and 2000:

in € m.	Commercial Corporate Loans		Marine and Recreational Vehicle Loans		Residential and Commercial Mortgage Loans		Revolving Commercial Finance Loans	
	2001	2000	2001	2000	2001	2000	2001	2000
Proceeds from new securitizations	0	0	977	0	6,573	6,200	938	4,299
Proceeds from collections reinvested in new trust receivables	0	0	0	0	0	0	18,520	18,201
Servicing fees received	4	6	7	8	15	11	81	74
Cash flows received on retained interests	49	65	13	21	56	21	128	80
Other cash flows received from (paid to) securitization trusts	0	0	16	2	0	0	(16)	(102)

At December 31, 2001, the key assumptions used in determining the fair value of retained interests, including servicing

rights, and the impact of adverse changes in those assumptions on the carrying amount/fair value are as follows:

in € m.	Commercial Corporate Loans	Marine and Recreational Vehicle Loans	Residential and Commercial Mortgage Loans ^(a)	Revolving Commercial Finance Loans ^(b)
Carrying amount/fair value of retained interests	126	112	179	1,102
Prepayment speed (current assumed)	3.00 %	19.34 %	12.50 %	28.95 %
Impact on fair value of 10 % adverse change	0	(5)	(6)	(7)
Impact on fair value of 20 % adverse change	0	(9)	(12)	(13)
Default rate (current assumed)	0.37 %	0.15 %	2.67 %	0.34 %
Impact on fair value of 10 % adverse change	(1)	(2)	(7)	(4)
Impact on fair value of 20 % adverse change	(2)	(4)	(14)	(8)
Discount factor (current assumed)	11.38 %	9.26 %	14.37 %	10.79 %
Impact on fair value of 10 % adverse change	0	(3)	(6)	(2)
Impact on fair value of 20 % adverse change	0	(5)	(12)	(4)

^(a) Excluded from the retained interest amounts for Residential and Commercial Mortgage Loans are Commercial Mortgage Interest Only Bonds in the amount of € 146 million. These are short duration assets priced within the base case using conservative prepayment speeds which assume all underlying loans within the securitized pool are paid off at the earliest possible point in time after the expiration of contractual limitations.

^(b) Included in the retained interest amounts for Revolving Commercial Finance Loans are seller's certificates in the amount of € 912 million, which represent a pro-rata share of undivided interests in a pool of loans sold into a Master Trust and outstanding at December 31, 2001 and which do not provide direct credit enhancement to the certificates sold to investors.

These sensitivities are hypothetical and should be viewed with caution. As the figures indicate, changes in fair value based on a 10 percent variation in assumptions generally should not be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumptions; in reality, changes in one factor may result in changes in another (for example, increases in market inter-

est rates may result in lower prepayments and increased credit losses), which might counteract the sensitivities.

The key assumptions used in measuring the initial retained interests resulting from securitizations completed in 2001 were not significantly different from the current assumptions in the above table.

The following table presents information about securitized loans, including delinquencies (loans which are 90 days or more past due) and credit losses, net of recoveries, for the years ended December 31, 2001 and 2000:

in € m.	Commercial Corporate Loans		Marine and Recreational Vehicle Loans		Residential and Commercial Mortgage Loans		Revolving Commercial Finance Loans	
	2001	2000	2001	2000	2001	2000	2001	2000
Total principal amount of loans	1,819	2,995	1,684	1,400	15,278	12,383	5,664	4,758
Principal amount of loans 90 days or more past due	31	14	2	2	82	14	8	3
Net credit losses	1	1	12	11	21	14	24	19

The table excludes securitized loans that the Group continues to service but otherwise has no continuing involvement.

[10] Assets Pledged and Received as Collateral

The carrying value of the Group's assets pledged (primarily for borrowings, deposits, and securities sold under repurchase agreements) as collateral where the secured party does not have the right by contract or custom to sell or repledge the Group's assets are as follows:

in € m.	31.12.2001	31.12.2000
Interest-earning deposits with banks	2,027	567
Trading assets	42,244	4,258
Securities available for sale	1,675	27,377
Loans	12,557	15,043
Premises and equipment	347	383
Total	58,850	47,628

At December 31, 2001, the Group has received collateral with a fair value of € 217.7 billion arising from securities purchased under reverse repurchase agreements, securities borrowed, derivatives transactions, customer margin loans and other transactions, which the Group as the secured party has the right to sell or repledge. € 201.8 billion relates to collateral that the Group has received and repledged used primarily to cover short sales and for securities loaned and securities sold under repurchase agreements. These amounts exclude the impact of netting in accordance with FIN 41.

[11] Premises and Equipment, net

An analysis of premises and equipment, including assets under capital leases, follows:

in € m.	31.12.2001	31.12.2000
Land	1,655	1,218
Buildings	6,293	5,149
Leasehold improvements	1,513	1,306
Furniture and equipment	3,772	6,386
Purchased software	737	704
Self-developed software	998	754
Construction-in-progress	237	378
Total	15,205	15,895
Less: Accumulated depreciation and amortization	5,399	5,511
Premises and equipment, net^(a)	9,806	10,384

^(a) Amounts at December 31, 2001 and 2000 include € 2.5 billion and € 3.0 billion, respectively, of net book value of premises and equipment held for investment purposes.

The Group is lessee under lease agreements covering real property and equipment. The future minimum lease payments, excluding executory costs required under the Group's capital leases at December 31, 2001, were as follows:

in € m.	31.12.2001
2002	164
2003	163
2004	160
2005	153
2006	152
2007 and later	1,646
Total future minimum lease payments	2,438
Less: Amount representing interest	1,446
Present value of minimum lease payments	992

At December 31, 2001, the total minimum sublease rentals to be received in the future under subleases are € 1.1 billion. Contingent rental expense incurred during the year ended December 31, 2001, was € 3 million.

The future minimum lease payments, excluding executory costs required under the Group's operating leases at December 31, 2001, were as follows:

in € m.	31.12.2001
2002	596
2003	489
2004	429
2005	349
2006	284
2007 and later	1,571
Total future minimum lease payments	3,718
Less: Minimum sublease rentals	242
Net minimum lease payments	3,476

The following shows the net rental expense for all operating leases:

in € m.	2001	2000	1999
Gross rental expense	970	905	872
Less: Sublease rental income	79	121	145
Net rental expense	891	784	727

[12] Intangible Assets, net

An analysis of goodwill and other intangible assets follows:

in € m.	31.12.2001	31.12.2000
Goodwill	12,241	11,912
Accumulated amortization	(3,500)	(2,535)
Goodwill, net	8,741	9,377
Other intangible assets	238	129
Accumulated amortization	(32)	(27)
Other intangible assets, net	206	102
Total intangible assets, net	8,947	9,479

For the year ended December 31, 2001, goodwill increased by € 329 million. This was due to an increase of € 466 million resulting from the impact of the foreign currency translation of the goodwill, which is primarily denominated in U.S. dollars, offset by a net decrease of € 137 million from acquisitions and dispositions of subsidiaries.

Effective January 1, 2002, as required by SFAS 142, goodwill will no longer be amortized but will be subject to annual tests for impairment.

[13] Other Short-term Borrowings

Short-term borrowings are borrowed funds generally with an original maturity of one year or less. Central bank funds purchased and commercial paper generally mature within 90 days. Components of other short-term borrowings include:

in € m.	31.12.2001	31.12.2000
Central bank funds purchased	8,076	25,863
Commercial paper	14,251	17,107
Other	6,221	17,901
Total	28,548	60,871

[14] Long-term Debt

Deutsche Bank issues fixed and floating rate long-term debt denominated in various currencies, although predominantly in euros.

Fixed rate debt outstanding at December 31, 2001 matures at various dates through 2050 and carries contractual interest rates ranging from 0.01 % to 18.00 %. The consolidated weighted-average interest rates on fixed rate debt at December 31, 2001 and 2000 were 5.12 % and

5.44 %, respectively. Floating rate debt outstanding, with contractually determined interest rates ranging from 0.08 % to 11.64 % at December 31, 2001, matures at various dates through 2050. The consolidated weighted-average contractual interest rates on floating rate debt at December 31, 2001 and 2000 were 3.84 % and 5.43 %, respectively.

The following table is a summary of the Group's long-term debt:

By remaining maturities in € m.	Due in 2002	Due in 2003	Due in 2004	Due in 2005	Due in 2006	Due after 2006	Total 31.12.2001	Total 31.12.2000
Senior debt								
Mortgage bonds ^(a)								
Fixed rate	5,926	5,008	9,043	5,000	6,500	17,024	48,501	45,910
Floating rate	2,916	1,300	602	952	502	1,943	8,215	7,644
Other bonds and notes								
Fixed rate	6,169	10,514	7,053	8,054	2,206	25,777	59,773	45,889
Floating rate	1,887	5,866	6,520	6,116	3,993	14,785	39,167	43,545
Subordinated debt								
Bonds and notes ^(b)								
Fixed rate	2,038	2,147	98	300	1,509	2,793	8,885	9,318
Floating rate	91	233	311	102	0	1,630	2,367	2,178
Total	19,027	25,068	23,627	20,524	14,710	63,952	166,908	154,484

^(a) Includes bonds known as "Pfandbriefe", which are issued by German mortgage banks.

^(b) Includes DM 1.2 billion and DM 1.4 billion in nominal amounts of bearer participatory certificates which mature on December 31, 2002 and 2003, respectively. These certificates carry an annual dividend rate of 9 % and 8.75 %, respectively, and will be redeemed, subject to the stipulations on loss participation, on June 30, 2003 and June 30, 2004, respectively. These dividends have priority over the rights of shareholders to share in the Group profits. During 2001, DM 75 million was extinguished from the second tranche.

Based solely on the contractual terms of the debt issues, the following table represents the range of interest rates payable on this debt for the periods specified:

	31.12.2001 ^(a)	31.12.2000 ^(a)
Senior debt		
Mortgage bonds		
Fixed rate	0.01 % – 8.45 %	0.01 % – 8.45 %
Floating rate ^(b)	3.03 % – 5.89 %	3.41 % – 9.65 %
Other bonds and notes		
Fixed rate	0.02 % – 16.00 %	0.98 % – 14.25 %
Floating rate	0.08 % – 11.64 %	0.94 % – 14.38 %
Subordinated debt		
Bonds and notes		
Fixed rate	0.88 % – 18.00 %	3.05 % – 9.40 %
Floating rate	0.70 % – 8.00 %	3.72 % – 10.50 %

^(a) The Group issues senior and subordinated long-term debt denominated in various currencies. Interest rates on Japanese Yen denominated debt represent the lower end of the range while interest rates on South African Rand denominated debt represent the higher end of the range.

^(b) Excludes approximately € 1.4 billion and € 285 million in 2001 and 2000, respectively, which relates to unusually-priced structured transactions with floating interest rates ranging from 1.79 % to 11.23 %.

The weighted-average effective interest rates for total long-term debt were 4.73 % and 5.45 % at December 31, 2001 and December 31, 2000, respectively.

The interest rates for the floating rate debt issues are generally based on LIBOR, although in certain instances they are subject to minimum interest rates as specified in the agreements governing the respective issues.

The Group enters into various transactions related to the debt it issues. This debt may be traded or held for a period of time. Purchases of the debt are accounted for as extinguishments; however, the resulting net gains during 2001 and 2000 were insignificant.

[15] Trust Preferred Securities

The Group has formed fourteen statutory business trusts, of which the Group owns all of the common securities and which it consolidates into the Group's financial statements. These trusts have no independent assets or operations, and exist for the sole purpose of issuing cumulative and noncumulative trust preferred securities and investing the proceeds thereof in an equivalent amount of junior subordinated debentures or noncumulative preferred securities, respectively, within the Group.

The Group's trust preferred securities at December 31, 2001 and 2000 totaled € 4.1 billion and € 3.9 billion, respectively, comprised of € 1.5 billion and € 1.4 billion

cumulative trust preferred securities (net of deferred issuance costs and unamortized discount), respectively, and € 2.6 billion and € 2.5 billion noncumulative trust preferred securities, respectively.

Cumulative Trust Preferred Securities

The junior subordinated debentures, which are the sole assets of the trusts, are unsecured obligations of the Group, and are subordinate and junior in right of payment to all present and future senior and subordinated indebtedness and certain other financial obligations of the Group. The principal amount of subordinated debentures held by each trust equals the aggregate liquidation amount of its trust securities and its common securities. The subordinat-

ed debentures bear interest at the same rate, and will mature on the same date, as the corresponding trust securities. The debentures are redeemable prior to the stated maturity at the option of the Group during the redemption periods described below.

The cumulative trust preferred securities are eligible for inclusion in the Group's supplementary capital.

A summary of the cumulative trust preferred securities issued and outstanding follows:

	Aggregate Liquidation Amount of Trust Preferred Securities at 31.12.2001	Aggregate Liquidation Amount of Trust Preferred Securities at 31.12.2000	Per Annum Interest Rate of Debentures and Trust Preferred Securities	Interest Payment Dates	Stated Maturity of Debentures and Trust Preferred Securities	Earlier Maturity Date ^(a)	Redemption Period of Debentures on or after
BT Institutional Capital Trust A	€ 312 m.	€ 296 m.	8.09 %	1.6., 1.12.	1.12.2026	–	1.12.2006
BT Institutional Capital Trust B	€ 180 m.	€ 171 m.	7.75 %	1.6., 1.12.	1.12.2026	–	1.12.2006
BT Capital Trust B	€ 233 m.	€ 220 m.	7.90 %	15.1., 15.7.	15.1.2027	15.1.2017	15.1.2007
BT Preferred Capital Trust I ^(b)	€ 283 m.	€ 269 m.	8.13 %	31.3., 30.6. 30.9., 31.12.	1.2.2037	1.2.2002	1.2.2002
BT Preferred Capital Trust II	€ 230 m.	€ 218 m.	7.88 %	25.2., 25.8.	25.2.2027	25.2.2012	25.2.2007
BTC Capital Trust I ^(c)	€ 236 m.	€ 238 m.	3 month LIBOR plus 0.75 %	30.3., 30.6. 30.9., 30.12.	30.12.2026	–	30.12.2006
Total^(d)	€ 1,474 m.	€ 1,412 m.					

^(a) The maturity dates may be shortened under certain circumstances.

^(b) Outstanding shares were redeemed at par on February 28, 2002.

^(c) During 2001, the Group repurchased approximately € 15 million BTC Capital Trust I securities.

^(d) Excludes deferred issuance costs and unamortized discount of € 13 million and € 6 million at December 31, 2001 and 2000, respectively.

Noncumulative Trust Preferred Securities

The noncumulative preferred securities, which are the sole assets of the trusts, evidence preferred ownership interest in limited liability companies which are wholly-owned subsidiaries of the Group. The limited liability companies invest the proceeds from the noncumulative preferred securities in subordinated notes issued by the Group. Interest on the subordinated notes will be paid to the limited liability companies on the dates described in the table below. Amounts available to the trusts for distribution to the holders of the noncumulative trust preferred securities will be limited to distributions received by the trusts from the limited liability companies with respect to the noncumulative preferred securities. The terms of the noncumulative trust preferred securities are substantially identical to the terms of the noncumulative preferred securities and

do not have any scheduled maturity date. Capital payments on the trust preferred securities are discretionary and noncumulative and are expected to be paid out of capital payments received by the trusts. Upon redemption of the noncumulative preferred securities, the trust must redeem a corresponding number of the trust preferred securities. The noncumulative preferred securities are redeemable at the option of the Group after expiry of individual periods between 5 and 30 years.

The noncumulative trust preferred securities are eligible for inclusion in the Group's core capital.

A summary of the noncumulative trust preferred securities issued and outstandings follows:

	Aggregate Liquidation Amount of Trust Preferred Securities at 31.12.2001	Aggregate Liquidation Amount of Trust Preferred Securities at 31.12.2000	Per Annum Interest Rate of Notes	Interest Payment Dates
Deutsche Bank Capital Funding Trust I ^(a)	€ 760 m.	€ 699 m.	7.87 %	30.6., 30.12.
Deutsche Bank Capital Funding Trust II	€ 249 m.	€ 236 m.	7.75 %	30.3., 30.6., 30.9., 30.12.
Deutsche Bank Capital Funding Trust III	€ 500 m.	€ 500 m.	6.60 %	30.3., 30.6., 30.9., 30.12.
Deutsche Bank Capital Trust I	€ 361 m.	€ 342 m.	3 month LIBOR + 1.70 %	30.3., 30.6., 30.9., 30.12.
Deutsche Bank Capital Trust II	€ 172 m.	€ 187 m.	5.20 %	30.6., 30.12.
Deutsche Bank Capital Trust III	€ 134 m.	€ 127 m.	3 month LIBOR + 1.90 %	30.3., 30.6., 30.9., 30.12.
Deutsche Bank Capital Trust IV	€ 184 m.	€ 174 m.	3 month LIBOR + 1.80 %	30.3., 30.6., 30.9., 30.12.
Deutsche Bank Capital Trust V	€ 255 m.	€ 242 m.	3 month LIBOR + 1.80 %	30.3., 30.6., 30.9., 30.12.
Total	€ 2,615 m.	€ 2,507 m.		

^(a) Includes basis adjustments on qualified hedges of € 22.1 million.

The junior subordinated debentures, noncumulative preferred securities, subordinated notes and related income

effects are eliminated in the consolidated financial statements.

[16] Common Shares and Share-Based Compensation Plans

Deutsche Bank's share capital consists of common shares issued in registered form without par value. Under German law, no par value shares are deemed to have a "nominal"

value equal to the total amount of share capital divided by the number of shares.

Our shares have a nominal value of € 2.56. Common share activity was as follows:

Number of shares	2001	2000	1999
Common shares outstanding, beginning of year	614,600,765	613,058,750	531,818,711
Shares issued under employee benefit plans	5,054,400	2,171,526	1,900,074
Common shares issued	–	–	79,457,232
Shares purchased for treasury	(447,045,982)	(436,326,857)	(394,034,631)
Shares sold or distributed from treasury	441,866,442	435,697,346	393,917,364
Common shares outstanding, end of year	614,475,625	614,600,765	613,058,750

Shares purchased for treasury consist of shares held for a period of time by the Group as well as any shares purchased with the intention of being resold in the short term. All such transactions were recorded in shareholders' equity and no revenue was recorded in connection with these activities.

Authorized and Conditional Capital

Deutsche Bank's share capital may be increased by issuing new shares for cash and in some circumstances for non-cash consideration. At December 31, 2001, Deutsche Bank had authorized but unissued capital of € 689,468,911 which may be issued at various dates through April 30, 2006 as follows:

Authorized Capital	Authorized Capital excluding Shareholders' Pre-Emptive Rights	Expiration Date
€ 103,645,941	–	30. 4. 2002
€ 127,822,970 ^(a)	–	30. 4. 2003
€ 300,000,000	–	30. 4. 2004
–	€ 30,000,000	31. 5. 2005
€ 128,000,000 ^(a)	–	30. 4. 2006

^(a) Capital increase may be effected for non-cash contributions with the intent of acquiring a company or holdings in companies.

Deutsche Bank also has conditional capital of € 358,798,848. Conditional capital includes various instruments which may potentially be converted into common shares. At December 31, 2001, € 153,600,000 and € 80,000,000 of conditional capital is available for participatory certificates

with warrants and/or convertible participatory certificates, bonds with warrants, and convertible bonds which may be issued in one or more issuances on or before April 30, 2002 and April 30, 2004, respectively.

In addition, Deutsche Bank has conditional capital totaling € 125,198,848 of which € 51,200,000 is related to option rights issued until May 10, 2003 under the DB Global Partnership Plan and € 40,000,000 is related to the option rights issued under the DB Global Share Plan and the db Share Plan. € 33,998,848 are available for the Global Equity Plan. These plans are described below.

The German Securities Trading Act (Wertpapierhandelsgesetz) requires investors in publicly traded corporations whose investments reach certain thresholds to notify both the corporation and the German Securities Trading Supervisory Authority. On April 23, 1999, Allianz AG informed the Group that it held 4.93 % (corresponding to approximately 30.4 million shares) of the Group's share capital on such date. However, its annual report for 1999 indicated that as of December 31, 1999, Allianz AG held 5.6 % (corresponding to approximately 34.5 million) of the Group's shares. The Group assumes that this 5.6 % included trading positions. Allianz's consolidated financial statements included in its annual report for 2000 indicated that as of December 31, 2000, the Allianz group held 4.6 % (corresponding to approximately 28.3 million) of the Group's shares.

Share-Based Compensation

The Group recognized compensation expense related to its significant share-based compensation plans, described below, as follows:

in € m.	2001	2000	1999
DB Global Partnership	19	0	0
Global Equity Plan	302	236	110
DB Global Share Plan	4	0	0
db Share Plan	53	126	60
DB Share Scheme	726	890	521
Share Appreciation Rights Plans	93	54	44
Total	1,197	1,306	735

DB Global Partnership

Under the DB Global Partnership Plan ("DB Global Partnership"), the Group may grant various employees deferred share awards, performance options, and share appreciation rights.

DB Equity Units ("DB Equity Units") are deferred share awards, each of which entitles the holder to one of the Group's shares four years from the date of the grant, subject to certain exceptions. DB Equity Units are forfeited if a participant terminates employment under certain circumstances within the first two years following the grant. Approximately 339,000 DB Equity Units were granted in February 2002 related to the 2001 performance year.

Compensation expense for the DB Equity Units is recognized in the performance year as they relate to annual bonuses earned as part of compensation. During the year ended December 31, 2001, the Group recognized compensation expense of € 19 million. Compensation expense recorded in 2001 is based on the fair value of the award at the date of grant.

We grant an exceptional award to a selected group of employees as a retention incentive which is forfeited if the participant terminates employment for any reason prior to the end of a four year vesting period. Compensation expense for the exceptional award is recognized over the vesting period. Approximately 85,000 DB Equity Units

were granted in February 2002, with an effective grant date of December 31, 2001.

Performance options ("Performance Options") are rights to purchase the Group's shares. The reference price is set at the higher of the fair market value of the Group's shares on the date of grant or an average of the fair market value of the Group's shares for the ten trading days on the Frankfurt Stock Exchange up to and including the date of the grant. Performance Options are granted with an exercise price equal to 120 % of the reference price.

Performance Options are subject to a minimum vesting period of two years. In general, one-third of the options will become exercisable at each of the second, third and fourth anniversaries of the grant date. However if the Group's shares trade at more than 130 % of the reference price for 35 consecutive trading days, the Performance Options will become exercisable on the later of the end of the 35-day trading period or the end of the two-year vesting period. In general, if a participant terminates employment prior to the end of the two-year vesting period, the participant will forfeit the Performance Options. All options not previously exercised or forfeited expire on the sixth anniversary of the grant date.

Performance Options to acquire approximately 12 million of the Group's shares, with a strike price of € 89.96, were granted in February 2002 related to the 2001 performance year. No compensation expense was recognized

for the year ended December 31, 2001 because the exercise price of the Performance Options exceeds the market price of the underlying shares on the date of grant.

Partnership Appreciation Rights ("PARs") are rights to receive a fixed cash bonus in an amount equal to 20 % of the reference price described above. The vesting of PARs will occur at the same time and to the same extent as the vesting of Performance Options. PARs are automatically exercised at the same time and in the same proportion as the exercise of the Performance Options.

Approximately 12 million PARs were granted in February 2002 related to the 2001 performance year. No compensation expense was recognized for the year ended December 31, 2001 as the PARs represent a cash bonus which are only exercisable in conjunction with the exercise of Performance Options. This effectively reduces the exercise price of any Performance Option exercised to the fair market value of the Group's share market price on grant date.

Global Equity Plan

During 1998, 1999, and 2000, certain key employees of the Group participated in the Global Equity Plan ("GEP") and were eligible to purchase convertible bonds in 1,000 DM denominations at par. These bonds are convertible into 200 shares of Deutsche Bank AG common shares ("common shares") on the conversion date if specific performance criteria for the three-year period prior to the conversion date had been met. The conversion price was based on the average quoted price of a common share on the Frankfurt Stock Exchange (XETRA) on the five trading days before the conversion period started. A discount was applied to the exercise price at an amount that depended on the Group's performance criteria. The maximum discount the participant was eligible to receive was 66.67 %.

On October 16, 2001, the Board of Managing Directors gave approval to buy out the remaining participants in the Global Equity Plan at a fixed discount per underlying share. For purposes of the buy-out, the Group set the reference price at € 73.72 which was the average Frankfurt Stock Exchange (XETRA) price from November 19, 2001 to November 30, 2001 inclusive of those dates. Employees

could accept the offer in a period from November 19, 2001 through December 7, 2001 (acceptance period).

As of December 31, 2001, 2,775 participants holding DM 55,429,000 (€ 28,340,398) bonds convertible into 11,085,800 shares accepted the offer and received cash payments totaling € 490,347,106. Participants holding DM 3,034,000 (€ 1,551,260) bonds convertible into 606,800 shares elected not to participate in the buy-out and remained in the Global Equity Plan.

As of December 31, 2001, convertible bonds outstanding for the remaining participants may be converted into 606,800 common shares at maturity if the specific performance criteria are met. Bonds not converted will be redeemed at maturity at their nominal value.

Compensation expense is recorded using variable plan accounting over the vesting period for remaining participants in the GEP based upon an estimated discount for the applicable three-year performance period and the current price of the Group's common shares. Compensation expense relating to terminated participants who retain their award is fully accrued in the year of termination and remeasured at the end of each reporting period until the conversion date. Compensation expense accrued for participants whose rights are forfeited is reversed upon termination. Compensation expense relating to participants who accepted the buy-out offer was fully accrued in 2001. For the years ended December 31, 2001, 2000 and 1999, the Group recognized compensation expense of € 302 million, € 236 million and € 110 million, respectively.

Information concerning convertible bonds issued pursuant to the GEP is summarized as follows:

in € thousands	2001	2000
Beginning balance outstanding	44,472	28,062
Convertible bonds issued	0	17,814
Convertible bonds converted	(12,921)	0
Convertible bonds redeemed pursuant to buy-out provisions	(28,340)	0
Convertible bonds forfeited	(1,660)	(1,404)
Ending balance outstanding^(a)	1,551	44,472

^(a) Convertible bonds are included in long-term debt on the Consolidated Balance Sheet.

The weighted-average contractual life of convertible bonds outstanding at December 31, 2001, was approximately one year.

DB Global Share Plan

Certain employees who have worked for at least one year with the Group are eligible to purchase up to 60 shares of the Group's common shares at a discount. Retirees in certain geographic regions are eligible to participate in the plan and are eligible to purchase up to 25 shares of the Group's common shares at a discount. The discount is linked to the Group's previous year's earnings and ranges from 20 % to 40 % of the quoted price of the common shares on the date of grant. The participant is fully vested and receives all dividend rights for the shares purchased. At the date of purchase, the Group recognized as compensation expense the difference between the quoted market price of a common share at the grant date and the price paid by the participant.

In addition, employee participants receive an option to purchase one share for each share purchased. Options issued in connection with the purchase of shares vest two years after the date of grant and expire after six years. Following the vesting period, options may be exercised at a strike price of 120 % of the DB share price at date of grant.

Generally, a participant must have been working for the Group for at least one year and have an active employment contract in order to participate. Rights are forfeited upon termination of employment. Participants who retire or become permanently disabled prior to fulfillment of the vesting period may still exercise their rights during the exercise period if they have worked at least one year from the grant date.

There is no compensation expense recorded for the option grants under the DB Global Share Plan because the exercise price exceeds the market price of the underlying shares on the date of grant.

The Group issued 237,098 common shares for the year ended December 31, 2001 and 176,237 options at a strike of € 87.66 for the year ended December 31, 2001 in connection with the DB Global Share Plan. During that period, compensation expense recognized for shares purchased was € 4 million.

The following is a summary of the DB Global Share Plan option transactions that occurred during 2001 (number of options in thousands):

	2001
Beginning balance outstanding	0
Options granted	176
Options forfeited	(1)
Ending balance outstanding	175

There were no options exercisable at December 31, 2001. The weighted-average contractual life of options outstanding at December 31, 2001 was six years.

db Share Plan

Prior to the adoption of the DB Global Share Plan, certain employees were eligible to purchase up to 60 shares of the Group's common shares at a discount under the db Share Plan. Retirees in certain geographic regions were eligible to participate in the plan and were eligible to purchase up to 25 shares of the Group's common shares at a discount. The discount was linked to the Group's previous year's earnings and ranged from 20 % to 40 % of the quot-

ed price of the common shares on the date of grant. The participant is fully vested and receives all dividend rights for the shares purchased. At the date of purchase, the Group recognized as compensation expense the difference between the quoted market price of a common share at the grant date and the price paid by the participant.

In addition, employee participants received options to purchase up to 60 shares, depending on the number of shares purchased. Options issued in connection with the purchase of shares vest over a period of approximately three years beginning on the date of grant. Following the vesting period, options may be exercised if specific performance criteria are met. If the performance criteria are met, the options are exercisable during a fifteen-day exercise period beginning on the sixth trading day following the respective annual shareholders' meeting. The exercise price is based on the average quoted price of a common share on the Frankfurt Stock Exchange (XETRA) on the five trading days before the exercise period starts. A discount is applied to the exercise price at an amount that depends on the Group's performance criteria. The maximum discount the participant is eligible to receive is 66.67 %.

Rights are forfeited upon termination of employment. Participants who retire or become permanently disabled prior to fulfillment of the vesting period may still exercise their rights during the exercise period if they have worked at least one year from the grant date.

Compensation expense for the db Share Plan is recorded using variable plan accounting over the vesting period based upon an estimated exercise price for the applicable three-year period and the current market price of the Group's common shares. Compensation expense relating to terminated participants who retain their award is fully accrued in the year of termination and remeasured at the end of each reporting period until the exercise date. Compensation expense accrued for participants whose rights are forfeited is reversed upon termination.

No common shares or options were issued for the year ended December 31, 2001. The Group issued 2,171,526 and 1,900,074 common shares for the years ended December 31, 2000 and 1999, respectively, and 1,889,237 and 1,636,782 options for the years ended December 2000 and 1999, respectively in connection with the db Share Plan. Compensation expense recognized for shares purchased and unpriced options was € 126 million and € 60 million during 2000 and 1999, respectively. During 2001, the Group recognized compensation expense of € 53 million related to the unpriced stock options granted in 2000 and 1999.

The following is a summary of the db Share Plan option transactions that occurred during 2001, 2000 and 1999 (number of options in thousands):

	2001	2000	1999
Beginning balance outstanding	3,488	1,633	0
Options granted	0	1,889	1,637
Options forfeited	(12)	(34)	(4)
Ending balance outstanding	3,476	3,488	1,633

There were no options exercisable at December 31, 2001, 2000 and 1999. The options outstanding as of December 31, 2001 will expire in two tranches after the shareholder meetings in 2002 and 2003.

DB Share Scheme

Under the DB Share Scheme ("DB Share Scheme"), the Group may grant various employees deferred share awards which provide the right to receive common shares of the Group at a specified future date. The expense related to a portion of the shares awarded under the plan is recognized in the performance year if it relates to annual bonuses earned as part of compensation, while the remainder of the shares awarded are expensed over the vesting period, which is generally three years.

Compensation expense is recorded in the period that the employees perform services and is based on the quot-

ed market price of a common share at the grant date of the awards. Compensation expense recognized for deferred share awards was € 726 million, € 890 million and € 521 million for the years ended December 31, 2001, 2000 and 1999, respectively. The weighted-average grant-date fair value per share of deferred share awards granted during 2001, 2000 and 1999 was € 80.06, € 82.64 and € 51.76, respectively.

The following table sets forth information about deferred shares under this plan (number of shares in thousands):

	2001	2000	1999
Beginning balance outstanding	10,312	4,867	2,642
Deferred shares granted	16,102	10,162	4,874
Deferred shares issued	(6,914)	(4,243)	(2,350)
Deferred shares forfeited	(473)	(474)	(299)
Ending balance outstanding	19,027	10,312	4,867

Share Appreciation Rights Plans

The Group has share appreciation rights plans ("SARs") which provide eligible employees of the Group the right to receive cash equal to the appreciation of the Group's shares over an established strike price. During 2001, the Group granted 10,615,144 SARs at various strike prices. The share appreciation rights granted can be exercised approximately three years from the date of grant. Participants can exercise the share appreciation rights through January 2007. In October 2001, 16,223,276 SARs with a strike price of € 98.00 vesting in 2004 and expiring in 2007 were replaced by 10,328,417 rights at a strike price of € 67.00. During the year ended December 31, 2001, approximately 195,000 SARs were forfeited. At December 31, 2001, approximately 17 million SARs were outstanding.

Compensation expense on SARs, calculated as the excess of the current market price of the Group's common shares over the strike price, is recorded using variable plan accounting. The expense related to a portion of the awards is recognized in the performance year if it relates to annual bonuses earned as part of compensation, while remaining

awards are expensed over the vesting periods. For the years ended December 31, 2001, 2000 and 1999, the Group recognized compensation expense of € 93 million, € 54 million and € 44 million, respectively. For the year ended December 31, 2001, net losses of € 27 million from non-trading equity derivatives, used to offset fluctuations in employee share based compensation expense, were included in compensation and benefits expense.

Other

The Group has other local share-based compensation plans, none of which, individually or in the aggregate are material to the consolidated financial statements.

SFAS 123 Pro Forma Information

Pro forma information regarding net income and earnings per share is required by SFAS 123, and was determined for the years ended December 31, 2001, 2000 and 1999, as if the Group had accounted for its employee share options under the fair value method of SFAS 123.

The expense for the deferred share awards is the same under APB 25 and SFAS 123. For purposes of pro forma

disclosure, the estimated fair value of the options is amortized to expense over the options' vesting period.

	2001	2000	1999
Net Income			
As reported	€ 167 m.	€ 13,513 m.	€ 1,613 m.
Pro forma	€ 135 m.	€ 13,575 m.	€ 1,649 m.
Basic earnings per share			
As reported	€ 0.27	€ 22.00	€ 2.76
Pro forma	€ 0.22	€ 22.10	€ 2.82
Diluted earnings per share			
As reported	€ 0.27	€ 21.72	€ 2.74
Pro forma	€ 0.22	€ 21.82	€ 2.80

The fair value of share options granted in 2000 and 1999 was estimated on the date of grant using a forward valuation model. In 2001, the fair value of share options was

estimated on the date of grant using a full binomial option pricing model. The weighted-average fair value per option and related assumptions were:

	31.12.2001	31.12.2000	31.12.1999
Weighted-average fair value per option	€ 22.76	€ 63.06	€ 41.37
Estimated discount	^(a)	66.67 %	66.67 %
Risk free interest rate	4.70 %	4.99 %	3.62 %
Expected lives (in years)	6	2.78	2.81
Dividend yield	1.59 %	1.59 %	2.10 %
Volatility	36.00 %	–	–

^(a) Not applicable. Exercise price for options granted in 2001 was 120 % of grant date price. Options granted in 2000 and 1999 were based on a discount.

[17] Asset and Dividend Restrictions

Since January 1, 1999, when stage three of the European Economic and Monetary Union was implemented, the European Central Bank has had responsibility for monetary policy and control in all the member countries of the European Monetary Union, including Germany.

The European Central Bank sets minimum reserve requirements to the European Central Bank for institutions that engage in the customer deposit and lending business. These minimum reserves must equal a certain percentage of the institutions' liabilities resulting from certain deposits, and the issuance of bonds and money market instruments. Liabilities to European Monetary Union

national central banks and to other European Monetary Union Banking institutions that are themselves subject to the minimum reserve requirements are not included in this calculation. Since January 1, 1999, the European Central Bank has set the minimum reserve rate at 2 %. For deposits with a term to maturity or a notice period of more than two years, bonds with a term to maturity of more than two years and repurchase transactions, the minimum reserve rate has been set at 0 %. Each institution is required to deposit its minimum reserve with the national central bank of its home country.

Cash and due from banks includes reserve balances that the Group is required to maintain with certain central banks. These required reserves are comprised primarily of

deposits outstanding and were € 454 million and € 605 million at December 31, 2001 and 2000, respectively.

Certain other subsidiaries are subject to various regulatory and other restrictions that may limit cash dividends and certain advances to Deutsche Bank.

[18] Regulatory Capital

The regulatory capital adequacy guidelines applicable to the Group are set forth by the Bank for International Settlements ("BIS") and by European Council directives, as implemented by the German Banking Supervisory Authority ("BAK"). Effective December 31, 2001 the BAK permitted the Group to calculate its BIS capital adequacy ratios using U.S. GAAP amounts. Prior to December 31, 2001 the Group used International Accounting Standards ("IAS") for disclosure to the Group's regulators. The figures for December 31, 2000 have been presented according to U.S. GAAP for comparison purposes.

The BIS capital ratio is the principal measure of capital adequacy for international banks. This ratio compares a bank's regulatory capital with its counterparty risks and market risks (which the Group refers to collectively as the "risk position"). Counterparty risk is measured by asset and off-balance sheet exposures according to broad categories of relative credit risk. The Group's market risk component is a multiple of its value-at-risk figure, which may be calculated for regulatory purposes based on the Group's internal models. These models were approved by the BAK for use in determining the Group's market risk equivalent component of its risk position. A bank's regulatory capital is divided into three tiers (core or Tier I capital, supplementary or Tier II capital, and Tier III capital). Core or Tier I capital consists primarily of share capital, additional paid-in capital and retained earnings less certain intangibles (principally goodwill) and the impact from the tax law changes (as described below). Supplementary or Tier II capital consists primarily of participatory capital, long-term subordinated debt and unrealized gains on listed securities. Tier III capital consists mainly of certain short-term subordinated liabilities. The minimum BIS total capital ratio (Tier I + Tier II + Tier III) is 8 % of the risk position, and the minimum BIS core (Tier I) capital ratio is 4 % of the risk

position. Under BIS guidelines, the amount of subordinated debt that may be included as Tier II capital is limited to 50 % of Tier I capital. Total Tier II capital is limited to 100 % of Tier I capital.

The effect of the German Tax Reform Legislation on available for sale securities is treated differently for the regulatory capital calculation and financial accounting. For financial accounting purposes, deferred tax provisions for unrealized gains on available for sale securities are recorded directly to other comprehensive income whereas the adjustment to the related deferred tax liabilities for a change in expected effective income tax rates is recorded as an adjustment of income tax expense in current period earnings. The positive impact from the above on retained earnings of the Group from the two important German tax law changes in 1999 and 2000 amounts to approximately € 5.9 billion as of December 31, 2001. For the purpose of calculating the regulatory capital, gross unrealized gains on available for sale securities are to be excluded from Tier I capital. The adjustment relates to accumulated other comprehensive income (€ 3.4 billion) and the release of deferred tax provisions (€ 5.9 billion) included in retained earnings.

Failure to meet minimum capital requirements can initiate certain mandates, and possibly additional discretionary actions by the BAK and other regulators that, if undertaken, could have a direct material effect on the consolidated financial statements of the Group.

The following table sets forth the Group's total capital and capital adequacy ratios (as a percentage of the risk position) based on BIS guidelines:

in € m.	31.12.2001	31.12.2000^(a)
BIS total capital	37,058	39,343
BIS core capital	24,803	23,504
BIS risk position ^(b)	305,079	299,879
BIS capital ratio (Tier I + II + III)	12.1 %	13.1 %
BIS core capital ratio (Tier I)	8.1 %	7.8 %

^(a) Unaudited

^(b) Primarily comprised of credit risk weighted assets. Also includes market risk equivalent assets of € 8.0 billion as of December 31, 2001, and € 7.9 billion as of December 31, 2000.

Capital According to BIS

Capital in accordance with BIS is shown in the table below. With a capital ratio of 12.1 % at December 31, 2001, Deutsche Bank is well above the minimum ratio of 8 % required by BIS.

The components of core and supplementary capital for the Group of companies consolidated for regulatory purposes are as follows at December 31, 2001:

in € m.	31.12.2001	Supplementary capital	31.12.2001
Core capital			
Common shares	1,591	Unrealized gains on listed securities (45 % eligible)	4,170
Additional paid-in capital	11,253	General allowances for loan losses	479
Retained earnings, consolidated profit, treasury shares, cumulative translation adjustments, share awards	23,931	Cumulative preferred securities, participatory capital	2,190
Minority interests	958	Subordinated liabilities, if eligible according to BIS	5,416
Noncumulative trust preferred securities	2,593		
Other (equity contributed by silent partners)	811		
Items deducted (principally goodwill and tax effect of available for sale securities)	(16,334)		
Total Core Capital	24,803	Total Supplementary Capital	12,255

The group of companies consolidated for regulatory purposes includes all credit, financial services and financing companies, as well as companies providing auxiliary bank-

ing services in the Group. It does not include insurance companies, fund management companies inside the European Union or companies outside the finance sector.

[19] Interest Revenues and Interest Expense

The following are the components of interest revenues and interest expense:

in € m.	2001	2000	1999
Interest-earning deposits with banks	2,912	2,303	2,450
Central bank funds sold	91	137	118
Securities purchased under resale agreements	8,135	7,870	7,559
Securities borrowed	5,327	6,644	3,161
Interest income on securities available for sale and other investments	2,682	2,594	2,284
Dividend income on securities available for sale and other investments	1,029	762	698
Loans	17,619	20,137	15,948
Trading assets	15,571	14,439	7,811
Other	273	245	113
Interest revenues	53,639	55,131	40,142
Interest-bearing deposits			
Domestic	3,169	3,877	3,357
Foreign	12,555	13,020	7,885
Trading liabilities	5,723	6,285	3,514
Securities sold under repurchase agreements	10,387	10,365	7,377
Securities loaned	1,902	2,161	1,449
Other short-term borrowings	2,078	3,322	1,572
Long-term debt	8,918	8,767	6,788
Trust preferred securities	287	306	206
Interest expense	45,019	48,103	32,148
Net interest revenues	8,620	7,028	7,994

[20] Trading Revenues, net

The following are the components of trading revenues:

in € m.	2001	2000	1999
Interest and credit trading	2,203	1,740	820
Equity trading	1,632	3,550	1,759
Foreign exchange, metal, commodity trading	1,385	1,102	655
Other trading ^(a)	811	1,233	(1,107)
Total	6,031	7,625	2,127

^(a) Includes gains and losses from derivatives not qualifying for hedge accounting treatment.

[21] Insurance Business

The following are the components of other assets related to insurance business:

in € m.	31.12.2001	31.12.2000
Investment under unit-linked business	11,467	9,413
Deferred acquisition costs	1,729	1,524
Other	679	516
Total other assets related to insurance business	13,875	11,453

All other assets of the Group's insurance business, primarily securities available for sale, are included in the respective line item on the Consolidated Balance Sheet.

The following are the components of insurance policy claims and reserves:

in € m.	31.12.2001	31.12.2000
Benefit reserves	18,922	17,686
Reserve for unit-linked business	11,932	9,706
Provision for premium refund	1,303	2,219
Other insurance provisions and liabilities	3,084	2,870
Total insurance policy claims and reserves	35,241	32,481

Included in other insurance provisions and liabilities are property and casualty loss reserves of € 584 million and € 498 million at December 31, 2001 and 2000, respectively.

[22] Pension and Other Employee Benefit Plans

Employee retirement arrangements, covering the majority of the Group's subsidiaries and employees, are provided in the principal countries in which the Group operates. The value of a participant's accrued benefit is based primarily on each employee's salary and length of service.

The Group's most significant retirement arrangements are provided for employees working in the United States, Germany, Spain, Italy, Belgium, France, Netherlands and the United Kingdom. The majority of beneficiaries of the retirement arrangements are principally located in Germany. All plans are valued using the projected unit credit method. Plans in the United States, United Kingdom, Belgium, Netherlands and Asia are generally funded, while the German, French, Spanish and Italian plans are unfunded.

The Group also sponsors a number of defined contribution plans covering employees of certain subsidiaries. The assets of all the Group's defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of salary.

In addition, the Group's subsidiaries offer unfunded contributory defined benefit postretirement health care plans to a number of retired employees who are principally located in the United States. These plans pay stated percentages of necessary medical and dental expenses of retirees after a stated deductible has been met. The Group funds these plans on a cash basis as benefits are due.

The following tables provide a reconciliation of the changes in the Group's plans' benefit obligations and fair value of assets over the two-year period ended Decem-

ber 31, 2001 and a statement of the funded status as of December 31 for each year:

in € m.	Pension Benefits		Postretirement Benefits	
	2001	2000	2001	2000
Change in benefit obligation				
Benefit obligation at beginning of year	6,416	5,890	121	145
Service cost	309	314	4	2
Interest cost	367	339	10	7
Plan amendments	0	0	0	(5)
Acquisitions/divestitures	(25)	0	0	0
Actuarial loss (gain)	(83)	280	25	(21)
Benefits paid	(266)	(291)	(10)	(7)
Curtailment/settlement	0	(177)	(5)	(8)
Foreign currency exchange rate changes	54	61	6	8
Benefit obligation at end of year	6,772	6,416	151	121
Change in plan assets				
Fair value of plan assets at beginning of year	2,634	2,504	1	4
Actual return on plan assets	(350)	60	0	0
Employer contributions	97	80	10	13
Benefits paid	(100)	(107)	(10)	(6)
Curtailment/settlement	0	0	(1)	(10)
Foreign currency exchange rate changes	88	97	0	0
Fair value of plan assets at end of year	2,369	2,634	0	1
Funded status	(4,403)	(3,782)	(151)	(120)
Unrecognized net actuarial loss (gain)	690	248	(21)	(38)
Unrecognized prior service cost (benefit)	26	4	(8)	(8)
Unrecognized transition assets	(5)	(16)	0	0
Accrued benefit cost at end of year^(a)	(3,692)	(3,546)	(180)	(166)

^(a) Prepaid pension costs totaled € 665 million and € 620 million at December 31, 2001 and 2000, respectively. No prepaid postretirement costs were recognized at these dates.

The aggregate projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for those pension plans with accumulated benefit obligations in excess of plan assets were € 4,654 million, € 4,185 million and € 297 million, respectively, as of December 31, 2001 and € 4,421 million, € 3,802 million and € 136 million, respectively, as of December 31, 2000.

Benefits expense for the years ended December 31, 2001, 2000 and 1999, included the following components:

in € m.	Pension Benefits			Postretirement Benefits		
	2001	2000	1999	2001	2000	1999
Service cost	309	314	239	4	2	2
Interest cost	367	339	297	10	7	2
Expected return on plan assets	(197)	(200)	(134)	0	0	0
Actuarial loss recognized	1	15	8	(1)	0	0
Settlement/curtailment	4	24	0	0	0	0
Amortization of unrecognized transition asset	(10)	(13)	(10)	0	0	0
Amortization of unrecognized prior service cost	0	0	3	0	0	0
Total defined benefit plans	474	479	403	13	9	4
Defined contribution plans	175	196	149	0	0	0
Other plans	0	9	4	0	0	0
Net periodic benefit expense	649	684	556	13	9	4

The following actuarial assumptions were calculated on a weighted-average basis and reflect the local economic

conditions for each country's respective defined benefit and postretirement benefit plans:

	Pension Benefits			Postretirement Benefits ^(a)		
	2001	2000	1999	2001	2000	1999
Discount rate in determining expense	6.4%	5.7%	5.7%	7.2%	7.7%	7.6%
Discount rate in determining benefit obligations at year-end	6.1%	6.2%	6.0%	7.2%	7.6%	7.6%
Rate of increase in future compensation levels for determining expense	3.4%	3.0%	2.8%	5.0%	5.0%	5.0%
Rate of increase in future compensation levels for determining benefit obligations at year-end	2.5%	3.5%	3.2%	5.0%	5.0%	5.0%
Expected long-term rate of return on assets	8.1%	8.2%	9.0%	9.0%	9.0%	9.0%

^(a) The weighted-average actuarial assumptions for the postretirement plans primarily reflect the assumptions used in the United States as this is where the Group's significant postretirement plans are located.

In determining postretirement benefits expense, an annual rate of increase of 9.9% in the per capita cost of covered health care benefits was assumed for 2002. The rate was assumed to decrease gradually to 5.0% by 2007 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the retiree health care plans. A one-percentage-point change in assumed

health care cost trend rates would have the following effects on the Group's retiree health care plans:

in € m.	One-Percentage Point Increase		One-Percentage Point Decrease	
	2001	2000	2001	2000
Effect on total of service and interest cost components	2	2	(2)	(2)
Effect on accumulated postretirement benefit obligation	16	15	(14)	(13)

[23] Restructuring Activities

Restructuring charges are recorded in conjunction with acquisitions as well as business realignments.

The following table presents the activity in the Group's restructuring programs for the years ended December 31, 2001, 2000, and 1999:

in € m.	Group Restructuring		Bankers Trust Restructuring		Personal Banking Restructuring		Other Restructuring Programs		Total
	Severance	Other	Plan 1 Severance	Plan 2 Severance	Severance	Other	Severance	Other	
Additions	0	0	596	270	0	0	44	23	933 ^(a)
Utilization	0	0	458	162	0	0	2	9	631
As at 31.12.1999	0	0	138	108	0	0	42	14	302
Additions	0	0	0	0	100	36	30	7	173
Utilization	0	0	129	103	15	0	47	14	308
Releases	0	0	19	13	0	0	22	6	60 ^(b)
Effects from exchange rate fluctuations	0	0	10	8	0	0	3	0	21
As at 31.12.2000	0	0	0	0	85	36	6	1	128
Additions	234	60	0	0	0	0	0	0	294
Utilization	22	0	0	0	85	36	6	1	150
Releases	0	0	0	0	0	0	0	0	0
Effects from exchange rate fluctuations	0	0	0	0	0	0	0	0	0
As at 31.12.2001	212	60	0	0	0	0	0	0	272

^(a) Includes € 474 million recorded as goodwill; net expense is € 459 million.

^(b) Includes € 12 million recorded as goodwill; net expense, after additions, is € 125 million.

Severance includes employee termination benefits related to the involuntary termination of employees. Such costs include obligations resulting from severance agreements, termination of employment contracts and early-retirement

agreements. Other costs primarily include amounts for lease terminations and related costs.

At December 31, 2001, € 212 million of the remaining restructuring liabilities related to severance and other ter-

mination-related costs for further staff reductions of approximately 2,200 positions. These severance actions, as well as the actions related to other exit activities are expected to be completed during 2002.

During the year ended December 31, 2001, 1,200 employees were terminated, resulting in a payment of € 113 million against restructuring liabilities.

The following is a description of the Group's restructuring plans for the years ended December 31, 2001, 2000 and 1999.

Group Restructuring

The Group recorded a pre-tax charge of € 294 million in the fourth quarter of 2001 related to a restructuring plan affecting two of Deutsche Bank's group divisions: Corporate and Investment Bank (CIB) and Private Clients and Asset Management (PCAM). Of the total € 294 million, € 213 million are related to the restructuring measures in CIB and € 81 million to PCAM. A total of approximately 2,400 staff, across all levels of the Group, are impacted by the restructuring plan.

The restructuring in CIB covers steps to be taken as a result of changing market conditions in the year 2001, and to give further effect to the CIB organizational and business model that was created during 2001. It primarily impacts CIB's customer coverage and relationship management processes, certain aspects of the cash management, custody and trade finance businesses of Global Transaction Banking and the related elements of the settlement, infrastructure and real estate support functions.

The plan also includes the further streamlining of the senior management structure in PCAM as a consequence of the re-organization of that group division's business model and operations, including real estate support.

As of December 31, 2001, approximately 200 positions were eliminated and € 22 million of the reserve was utilized. As of December 31, 2001, € 212 million of the remaining reserve balance related to severance and other termination-related costs for further staff reductions of approximately 2,200 positions and € 60 million to lease terminations, net losses on subleases and other related

costs. All actions contemplated in the plan are expected to be completed during 2002.

Bankers Trust Restructuring

During 1999, the Group recorded a restructuring liability totaling € 866 million in connection with the acquisition of Bankers Trust. The Group recorded € 596 million in the second quarter of 1999 in conjunction with the acquisition ("Plan 1"), which reflected severance and other termination-related costs. Costs totaling € 474 million of severance and other termination-related costs attributable to employees of Bankers Trust were recognized as a liability assumed as of the acquisition date and charged directly to goodwill. The remaining costs, totaling € 122 million, were attributable to employees of the existing Group and, therefore, were expensed as restructuring activities. During the fourth quarter of 1999, the Group recorded additional charges related to severance and other termination-related costs of € 270 million in connection with its continuing efforts to streamline support functions and realign certain business activities ("Plan 2").

As a result of these restructuring plans, the Group planned for a reduction of approximately 3,300 positions. This reduction affected multiple levels of employees throughout the Group. The Group eliminated 2,700 positions and during the year ended December 31, 2000 the remaining reserves totaling € 32 million were released.

Personal Banking Restructuring

During 2000, the Group recorded charges for restructuring activities totaling € 136 million in connection with a plan for Personal Banking (Deutsche Bank 24) to consolidate branch offices and the related back office functions. Of this amount, approximately € 100 million was for severance and other termination-related costs attributable to approximately 1,000 positions, and € 36 million for other costs primarily related to lease terminations. As of December 31, 2000, € 85 million of the remaining reserve balance related to severance and other termination-related costs for further staff reductions of 900 positions and € 36 million to lease terminations. All actions contemplated in the plan were completed during 2001.

Other Restructuring Programs

Other restructuring programs include plans to streamline transaction processing product delivery and to provide for certain business realignments and consolidation of activities. The plans recorded in 1999 contemplated staff reductions of 600 positions. Due to a higher than anticipated level of employee attrition, 400 employee positions were not terminated and € 28 million, primarily related to severance, was released in the year ended December 31, 2000. Plans recorded in 2000 included the additional elimination of 400 positions. All actions were completed during 2001.

[24] Income Taxes

The components of income taxes (benefits) follow:

in € m.	2001	2000	1999
Domestic	486	337	54
Foreign	1,102	1,351	1,185
Current taxes	1,588	1,688	1,239
Domestic	100	(8,356)	143
Foreign	(259)	24	(644)
Deferred taxes	(159)	(8,332)	(501)
Total	1,429	(6,644)	738

The following is an analysis of the difference between the German statutory income tax expense (benefit) and the

Group's effective tax (benefit) expense on income before income taxes:

in € m.	2001	2000	1999
Computed expected tax expense at German corporate tax rate of 39.2% (52.4% for 2000 and 1999)	707	3,599	1,232
Effect of changes in German tax law and the reversing effect	995	(9,287)	(951)
Domestic rate differential on dividend distributions	0	(172)	(204)
Tax-exempt income	(1,077)	(101)	(320)
Foreign tax-rate differential	(146)	(903)	114
Valuation allowance	286	(108)	570
Nondeductible expenses	354	98	42
Amortization of goodwill	363	404	255
Tax credit related to domestic dividend received	(109)	(144)	(139)
Other	56	(30)	139
Actual income tax expense (benefit)	1,429	(6,644)	738

During 2000, a new tax law was enacted in Germany which reduced the corporate tax rates and exempted from tax certain gains from the sale of German stock investments. The corporate tax rate was reduced from 40 % on retained earnings and 30 % on distributed earnings to a single 25 % rate effective January 1, 2001. The domestic tax rate including corporate tax, solidarity surcharge, and trade tax used for calculating deferred tax assets and liabilities as of December 31, 2000 was 39.3 % which at that time was the expected statutory rate for 2001. The tax law change also exempted certain gains on the sale of stock investments effective January 1, 2002. The effect of the above changes was a net income tax benefit of € 9.3 billion for the year ended December 31, 2000. Approximately € 6.2 billion of the tax benefit from the change in tax rates in 2000 is related to the reduction of deferred tax liabilities previously recorded on unrealized gains on securities available for sale – even though these deferred taxes were originally established through a charge to other comprehensive income, not through a charge to earnings.

For the year 2001, due to actual sales of equity securities on which there was accumulated deferred tax provision in other comprehensive income, it was necessary to reverse those provisions as income tax expense. This

treatment led to income tax expense of € 995 million. This adjustment does not result in actual tax payments and has no net effect on shareholders' equity.

During 1999, the corporate tax rate on retained earnings was reduced from 45 % to 40 % effective January 1, 1999. The combined tax rate including corporate tax, solidarity surcharge and trade tax rate was reduced from 56.7 % in 1998 to 52.4 % in 1999 and 2000. The effect of the tax rate change was a net benefit of € 951 million for the year ended December 31, 1999, of which approximately € 700 million relates to the reduction of deferred tax liabilities previously recorded on unrealized gains on securities available for sale.

The accumulated deferred tax amounts recorded within other comprehensive income will, however, be reversed as income tax expense in the periods that the related securities are sold. At December 31, 2001 and 2000, the amount of these deferred taxes accumulated within other comprehensive income that will reverse in a future period as tax expense when the securities are sold is approximately € 5.9 billion and € 6.9 billion, respectively.

The sources and tax effects of temporary differences and net operating loss carryforwards that give rise to significant deferred income tax assets and liabilities are the following:

in € m.	31.12.2001	31.12.2000
Trading activities	17,424	16,407
Net operating loss carryforwards and tax credits	2,222	1,555
Property and equipment, net	322	1,121
Other assets	2,913	2,979
Allowance for loan losses	315	333
Other provisions	883	1,606
Deferred income tax assets	24,079	24,001
Valuation allowance	(965)	(679)
Deferred tax assets after valuation allowance	23,114	23,322
Trading activities	19,468	21,988
Securities valuation	236	582
Other liabilities	974	121
Deferred income tax liabilities	20,678	22,691
Net deferred income tax assets	2,436	631

Included in other assets and other liabilities at December 31, 2001 and 2000 are deferred tax assets of € 3.8 billion and € 3.0 billion and deferred tax liabilities of € 1.4 billion and € 2.4 billion, respectively.

Certain foreign branches and companies in the Group have deferred tax assets related to net operating loss carryforwards and tax credits available to reduce future tax expense. The net operating loss carryforwards at December 31, 2001 were € 5.3 billion of which € 4.4 billion has no expiration date and € 833 million expire at various dates extending to 2021. Net operating loss carryforwards at December 31, 2000 were € 2.6 billion. Tax credits were € 470 million (€ 567 million in 2000) of which € 347 million will expire in 2004 and € 63 million will expire in 2005 and € 60 million have other expiration dates. The Group has established a valuation allowance where realization of those losses and credits is not likely.

The Group did not provide income taxes or foreign withholding taxes on € 5.8 billion, € 4.9 billion and € 3.1 billion for the years ended December 31, 2001, 2000 and 1999, respectively, of cumulative earnings of foreign subsidiaries because these earnings are intended to be indefinitely reinvested in those operations. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

[25] Earnings per Common Share

Basic earnings per common share amounts were computed by dividing net income by the average number of common shares outstanding during the year. The average number of common shares outstanding is the sum of the average number of common shares outstanding and undistributed vested shares awarded under deferred share plans.

Diluted earnings per share amounts were calculated by adding back to net income the interest expense on the convertible bonds and dividing this amount by the average number of common shares and dilutive potential common shares outstanding during the year.

Diluted earnings per share assumes the conversion into common shares of outstanding share options, unvested deferred share awards and convertible bonds, as computed under the treasury stock method, if dilutive. Under the treasury share method, the number of incremental shares is determined by assuming the issuance of the outstanding share options, deferred share awards, and shares from convertible bonds, reduced by the number of shares assumed to be repurchased from the issuance proceeds, using the Group's average market share price for the year.

The following table sets forth the computation of basic and diluted earnings per share:

	2001	2000	1999
Income before cumulative effect of accounting changes, net of tax	€ 374 m.	€ 13,513 m.	€ 1,613 m.
Cumulative effect of accounting changes, net of tax	€ (207) m.	–	–
Numerator for basic earnings per share – net income	€ 167 m.	€ 13,513 m.	€ 1,613 m.
Effect of dilutive securities			
Convertible bonds	–	€ 1 m.	–
Numerator for diluted earnings per share – net income applicable to common shareholders after assumed conversions	€ 167 m.	€ 13,514 m.	€ 1,613 m.
Denominator for basic earnings per share – weighted-average shares outstanding	619,809,559	614,303,797	584,982,951
Effect of dilutive securities			
Options	800,535	842,839	316,846
Convertible bonds	174,003	4,296,519	1,553,848
Deferred shares	2,003,504	2,748,708	1,615,849
Dilutive potential common shares	2,978,042	7,888,066	3,486,543
Denominator for diluted earnings per share – adjusted weighted-average shares after assumed conversions	622,787,601	622,191,863	588,469,494
Basic earnings per share			
Income before cumulative effect of accounting changes, net of tax	€ 0.60	€ 22.00	€ 2.76
Cumulative effect of accounting changes, net of tax	€ (0.33)	–	–
Net Income	€ 0.27	€ 22.00	€ 2.76
Diluted earnings per share			
Income before cumulative effect of accounting changes, net of tax	€ 0.60	€ 21.72	€ 2.74
Cumulative effect of accounting changes, net of tax	€ (0.33)	–	–
Net Income	€ 0.27	€ 21.72	€ 2.74

[26] Business Segments and Related Information

The Group revised its management reporting systems in 2001 to reflect the following changes:

- A new organizational structure;
- The format of the statement of income for management accounting purposes, to present the same line items as in the consolidated financial statements under U.S. GAAP; and
- The allocation of Corporate Center costs across divisions.

New Organizational Structure

On February 1, 2001, the Group adopted its new organizational structure, realigning the structure of its activities from five business divisions into three group divisions.

The Group also has a service function called DB Services, that provides corporate services, information technology, consulting and transaction services to the entire organization. The Corporate Center includes those functions that support cross-divisional management.

The Corporate and Investment Bank Group Division serves all of the Group's corporate and institutional clients, ranging from small- and medium-sized enterprises to multinational corporations. By combining within one group division the Corporate Banking & Securities activities with the Global Transaction Banking activities, the Group has integrated services previously provided in the Corporates and Real Estate Division, the Global Corporates and Institutions Division and the Global Institutional Services business area of the Global Technology and Services Division.

The Private Clients and Asset Management Group Division integrates, on a global basis, all of the Group's activities for private clients, as well as active and passive asset management activities for both private and institutional clients. Within this group division, the Group manages these activities in three global corporate divisions: Personal Banking, Private Banking, and Asset Management.

Within the Corporate Investments Group Division, the Group combines its principal investment activities. This unit manages principal investments in private equity and venture capital, real estate holding companies, as well as

industrial investments. Principal investments, which were previously reported in the reconciliation of the results of the business segments to the consolidated financial statements, are now included in this group division. In addition, Corporate Investments covers strategic investments as well as activities which do not belong to the Group's core business.

The figures reported for the years 2000 and 1999 have been restated to make them comparable to 2001.

Format of the Statement of Income

Beginning in 2001, the Group's management reporting systems follow the same format as the Consolidated Statement of Income. As a result, there are no longer reclassifications among the line items between the management reporting systems and the consolidated financial statements under U.S. GAAP. The most significant changes are described below:

- Components previously reported as **balance of other expenses (income)** within the management reporting systems are now reflected either as revenues or as noninterest expenses.
- Revenues of the Group's **insurance business** were previously reported net of policyholder benefits and claims as revenues within our management reporting systems. These components are now reported gross as revenues and noninterest expenses.

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- **Restructuring expenses (benefit)** were previously reported as a separate line item in the management reporting systems. They are now included as noninterest expenses.
 - **Credit losses on lending-related commitments** were previously reported under provisions for losses on loans and advances in the management reporting systems. They are now included as noninterest expenses.

The classifications reported for the years 2000 and 1999 have been restated to conform to the 2001 presentation.

Allocation of Corporate Center costs

Corporate Center was previously reported as a separate unit in the management reporting systems. Beginning in 2001, costs of the Corporate Center are fully allocated within the noninterest expense line. As a consequence, the Corporate Center contains no material result components and is no longer reported separately.

The figures reported for the years 2000 and 1999 have been restated to make them comparable to 2001.

General information on the Group's management reporting systems

Business segment results are determined based on the Group's internal management reporting process, which reflects the way management views its businesses, and are not necessarily prepared in accordance with the Group's U.S. GAAP consolidated financial statements. This internal management reporting process may be different than the processes used by other financial institutions and therefore, should be considered in making any comparisons with those institutions. Since the Group's business activities are diverse in nature and its operations are integrated, certain estimates and judgments have been made to apportion revenue and expense items among the business segments.

The management reporting system follows the "matched transfer pricing concept" in which the Group's external net interest revenues are allocated to the business segments based on the assumption that all positions are funded or invested via the money and capital markets. To create comparability with legally independent units with

their own equity funds, the notional interest received on the Group's consolidated capital is allocated proportionately to the business segments as part of their net interest revenues.

Revenues from intersegment transactions are allocated to the business segments on a mutually agreed basis. In addition, cost centers are internal service providers operating on a non-profit basis and allocate their costs to the service recipient. The allocation criteria are generally contractually agreed and are either determined based upon "price per unit" (for areas with countable services) or "fixed price" or "agreed percentages" (for all areas without countable services).

Segmental Results of Operations

The following tables present the results of the business segments for the years ended December 31, 2001, 2000 and 1999. The criterion for Segmentation into divisions is our organizational structure as it existed as at December 31, 2001.

Reporting Segment Information by Group Division

in € m.	Corporate and Investment Bank	Private Clients and Asset Management	Corporate Investments	Total Management Reporting
2001				
Net revenues ^(a)	17,436	10,993	1,968	30,397
Provision for loan losses	704	206	105	1,015
Noninterest expenses ^(b)	14,029	10,390	1,623	26,042
Income before income taxes^(c)	2,703	397	240	3,340
Average allocated equity	17,034	3,392	6,081	26,507
RoE in % (excluding goodwill amortization and before income taxes) ^(d)	19 %	18 %	7 %	16 %
Assets ^(e)	751,406	125,743	45,594	896,800
Expenditures for additions to long-lived assets	659	160	141	960
Risk-weighted positions (BIS risk positions)	211,253	56,649	32,468	300,370
Cost-Income-Ratio in % ^(f)	77 %	92 %	75 %	82 %
^(a) Includes: Net interest revenues	4,946	3,430	(141)	8,235
Net revenues from external customers	17,533	10,896	1,845	30,274
Net intersegment revenues	(97)	97	123	123
^(b) Includes: Depreciation, depletion and amortization	451	328	117	896
Goodwill amortization	451	221	156	828
Policyholder benefits and claims	0	2,948	0	2,948
Severance payments	297	76	14	387
Restructuring activities	213	81	0	294
^(c) Before cumulative effect of accounting changes.				
2000				
Net revenues ^(a)	17,894	12,519	3,548	33,961
Provision for loan losses	153	192	132	477
Noninterest expenses ^(b)	13,612	10,924	1,382	25,918
Income before income taxes	4,129	1,403	2,034	7,566
Average allocated equity	16,010	3,045	3,471	22,526
RoE in % (excluding goodwill amortization and before income taxes) ^(d)	28 %	53 %	61 %	37 %
Assets ^(e)	734,774	113,079	37,916	885,796
Expenditures for additions to long-lived assets	518	183	38	739
Risk-weighted positions (BIS risk positions)	211,104	49,037	25,769	285,910
Cost-Income-Ratio in % ^(f)	75 %	86 %	37 %	75 %
^(a) Includes: Net interest revenues	3,366	3,384	(95)	6,655
Net revenues from external customers	17,967	12,460	3,467	33,894
Net intersegment revenues	(73)	59	81	67
^(b) Includes: Depreciation, depletion and amortization	539	280	88	907
Goodwill amortization	392	213	71	676
Policyholder benefits and claims	0	3,912	0	3,912
Severance payments	170	18	3	191
Restructuring activities	(102)	(14)	0	(116)
1999				
Net revenues ^(a)	12,741	10,530	2,648	25,919
Provision for loan losses	531	105	63	699
Noninterest expenses ^(b)	10,397	9,930	628	20,955
Income before income taxes	1,813	495	1,957	4,265
Average allocated equity	13,691	2,604	2,968	19,263
RoE in % (excluding goodwill amortization and before income taxes) ^(d)	15 %	26 %	68 %	25 %
Assets ^(e)	670,774	93,798	29,570	794,142
Expenditures for additions to long-lived assets	426	150	41	617
Risk-weighted positions (BIS risk positions)	211,233	48,906	25,005	285,144
Cost-Income-Ratio in % ^(f)	76 %	90 %	21 %	76 %
^(a) Includes: Net interest revenues	4,496	3,082	483	8,061
Net revenues from external customers	12,719	10,552	2,495	25,766
Net intersegment revenues	22	(22)	153	153
^(b) Includes: Depreciation, depletion and amortization	170	111	75	356
Goodwill amortization	238	170	60	468
Policyholder benefits and claims	0	3,790	0	3,790
Severance payments	26	3	2	31
Restructuring activities	429	320	9	758

^(d) Income before income taxes excluding goodwill amortization divided by average allocated equity.

^(e) At the group division level, CIB, PCAM, CI and Total Management Accounting, consolidation items between group divisions/corporate divisions are included.

^(f) Excluding goodwill amortization, provision for loan losses and restructuring activities.

Reporting Segment Information by Corporate Division

in € m.	Corporate and Investment Bank		Private Clients and Asset Management		
	Corporate Banking & Securities	Global Transaction Banking	Personal Banking	Private Banking	Asset Management
2001					
Net revenues ^(a)	14,415	3,021	6,958	2,123	1,912
Provision for loan losses	723	(19)	183	11	12
Noninterest expenses ^(b)	11,525	2,504	6,619	2,164	1,607
Income before income taxes^(c)	2,167	536	156	(52)	293
Average allocated equity	14,529	2,505	1,459	479	1,454
RoE in % (excluding goodwill amortization and before income taxes) ^(d)	18 %	24 %	13 %	3 %	28 %
Assets	739,682	22,562	92,450	15,307	18,634
Expenditures for additions to long-lived assets	560	99	67	62	31
Risk-weighted positions (BIS risk positions)	189,482	21,771	41,866	10,416	4,367
Cost-Income-Ratio in % ^(e)	76 %	80 %	95 %	97 %	76 %
^(a) Includes: Net interest revenues	3,852	1,094	3,184	281	(35)
Net revenues from external customers	14,450	3,083	6,761	1,946	2,189
Net intersegment revenues	(35)	(62)	197	177	(277)
^(b) Includes: Depreciation, depletion and amortization	353	98	256	51	21
Goodwill amortization	391	60	35	67	119
Policyholder benefits and claims	0	0	2,948	0	0
Severance payments	256	41	50	12	14
Restructuring activities	176	37	11	35	35
^(c) Before cumulative effect of accounting changes.					
2000					
Net revenues ^(a)	14,951	2,943	7,986	2,434	2,099
Provision for loan losses	153	0	182	10	0
Noninterest expenses ^(b)	11,367	2,245	7,499	2,016	1,409
Income before income taxes	3,431	698	305	408	690
Average allocated equity	13,485	2,525	1,371	481	1,193
RoE in % (excluding goodwill amortization and before income taxes) ^(d)	28 %	30 %	25 %	99 %	67 %
Assets	724,930	27,771	81,229	13,955	17,897
Expenditures for additions to long-lived assets	440	78	113	46	24
Risk-weighted positions (BIS risk positions)	196,829	14,275	37,929	6,104	5,004
Cost-Income-Ratio in % ^(e)	74 %	76 %	94 %	81 %	62 %
^(a) Includes: Net interest revenues	2,240	1,126	3,044	334	6
Net revenues from external customers	15,008	2,959	7,790	2,254	2,416
Net intersegment revenues	(57)	(16)	196	180	(317)
^(b) Includes: Depreciation, depletion and amortization	446	93	226	33	21
Goodwill amortization	332	60	36	66	111
Policyholder benefits and claims	0	0	3,912	0	0
Severance payments	110	60	12	2	4
Restructuring activities	(62)	(40)	(1)	(12)	(1)
1999					
Net revenues ^(a)	10,686	2,055	7,337	1,635	1,558
Provision for loan losses	621	(90)	110	(5)	0
Noninterest expenses ^(b)	8,786	1,611	7,503	1,419	1,008
Income before income taxes	1,279	534	(276)	221	550
Average allocated equity	11,542	2,149	1,172	411	1,021
RoE in % (excluding goodwill amortization and before income taxes) ^(d)	13 %	26 %	(20) %	63 %	63 %
Assets	673,377	20,742	74,830	10,358	8,611
Expenditures for additions to long-lived assets	374	52	109	30	11
Risk-weighted positions (BIS risk positions)	196,996	14,237	37,827	6,088	4,991
Cost-Income-Ratio in % ^(e)	77 %	74 %	98 %	83 %	56 %
^(a) Includes: Net interest revenues	3,579	917	2,813	237	32
Net revenues from external customers	10,648	2,071	7,134	1,623	1,795
Net intersegment revenues	38	(16)	203	12	(237)
^(b) Includes: Depreciation, depletion and amortization	139	31	95	7	9
Goodwill amortization	208	30	41	39	90
Policyholder benefits and claims	0	0	3,790	0	0
Severance payments	22	4	3	0	0
Restructuring activities	371	58	258	23	39

^(d) Income before income taxes excluding goodwill amortization divided by average allocated equity.

^(e) Excluding goodwill amortization, provision for loan losses and restructuring activities.

The following tables present the revenue components of the Corporate and Investment Bank Group Division and the Private Clients and Asset Management Group Division for the years ended December 31, 2001, 2000 and 1999:

in € m.	Corporate and Investment Bank		
	2001	2000	1999
Sales & Trading (debt and other products)	5,856	4,462	3,627
Sales & Trading (equity)	3,656	4,523	2,364
Sales & Trading	9,512	8,985	5,991
Loan products	3,365	4,021	3,164
Transaction services	3,021	2,943	2,055
Origination (debt)	429	286	197
Origination (equity)	492	937	443
Origination	921	1,223	640
Advisory	568	879	585
Other	49	(157)	306
Total	17,436	17,894	12,741

in € m.	Private Clients and Asset Management		
	2001	2000	1999
Insurance business	3,485	4,458	4,268
Portfolio/fund management	2,191	2,658	1,930
Loan/deposit products	2,393	2,286	2,077
Advisory	1,554	2,035	1,283
Transaction fees	633	615	623
Other	737	467	349
Total	10,993	12,519	10,530

Reconciliation of the results of the business segments to the consolidated financial statements.

The following table and discussion provide a reconciliation of the total results of operations and total assets of the Group's business segments under management reporting to the consolidated financial statements prepared in accordance with U.S. GAAP.

in € m.	2001			2000			1999		
	Total Management Reporting	Adjustments	Total consolidated (U.S. GAAP)	Total Management Reporting	Adjustments	Total consolidated (U.S. GAAP)	Total Management Reporting	Adjustments	Total consolidated (U.S. GAAP)
Net revenues ^(a)	30,397	(776)	29,621	33,961	518	34,479	25,919	(887)	25,032
Provision for loan losses	1,015	9	1,024	477	1	478	699	26	725
Noninterest expenses	26,042	752	26,794	25,918	1,214	27,132	20,955	1,001	21,956
Income before income taxes^(b)	3,340	(1,537)	1,803	7,566	(697)	6,869	4,265	(1,914)	2,351
Total assets	896,800	21,422	918,222	885,796	43,198	928,994	794,142	81,647	875,789

^(a) Net interest revenues and noninterest revenues.

^(b) In 2001, before cumulative effect of accounting changes.

There are two primary categories of adjustments which we record to reconcile the total results according to management reporting to the consolidated U.S. GAAP financial statements. These adjustments include differences in accounting methods used for management reporting versus U.S. GAAP and adjustments relating to activities outside the management responsibility of the business segments.

Net revenues. Negative adjustments to net revenues totaled € 0.8 billion in 2001. Significant negative adjustments due to different accounting methods used for management reporting versus U.S. GAAP included approximately € 0.2 billion for equity method investments, approximately € 0.2 billion for tax credits on dividends and approximately € 0.2 billion for the elimination of income earned on own bonds. They were partly offset by positive adjustments of approximately € 0.2 billion for entities which were not consolidated for management reporting purposes. The remaining negative adjustments were mainly due to a loss of approximately € 0.3 billion from internally hedging stock compensation plans.

Adjustments to net revenues totaled € 0.5 billion in 2000. Significant adjustments related to different accounting methods used for management reporting versus U.S. GAAP included approximately € 0.2 billion for equity method investments and approximately € 0.6 billion for entities which were not consolidated for management reporting purposes. The remaining negative adjustments of € 0.3 billion were due to other accounting differences and to corporate items outside the management responsibility of the business segments.

Negative adjustments to net revenues totaled € 0.9 billion in 1999. Significant negative adjustments related to different accounting methods used for management reporting versus U.S. GAAP included approximately € 0.1 billion for equity method investments, approximately € 0.2 billion for the elimination of income earned on own bonds and approximately € 0.4 billion for entities which were not consolidated for management reporting purposes. The remaining negative adjustments of € 0.2 billion were due to other accounting differences and to corporate

items outside the management responsibility of the business segments.

Any item relating to different accounting methods used for management reporting versus U.S. GAAP not appearing in each of the years 2001, 2000 and 1999 was included in other accounting differences as the amounts were not significant.

Provision for loan losses. The adjustments primarily reflected provisions for loan losses, none of which was individually material, which are not under the management responsibility of the business segments.

Noninterest expenses. Adjustments to noninterest expenses totaled € 0.8 billion in 2001. Significant adjustments due to different accounting methods used for management reporting versus U.S. GAAP included approximately € 0.4 billion for share compensation expense (including the buy-out costs for the Global Equity Plan), approximately € 0.2 billion for entities not consolidated for management reporting purposes, approximately € 0.1 billion for timing differences in the recognition and presentation of restructuring activities, approximately € 0.1 billion expenses for minority interests and approximately € 0.1 billion for goodwill amortization expense. The remaining positive adjustment of € 0.1 billion was connected with internally hedging stock compensation plans.

Adjustments to noninterest expenses totaled € 1.2 billion in 2000. Significant adjustments related to different accounting methods used for management reporting versus U.S. GAAP included approximately € 0.4 billion for share compensation expense, approximately € 0.4 billion for timing differences in the recognition and presentation of restructuring activities, approximately € 0.2 billion for entities not consolidated for management reporting purposes, approximately € 0.1 billion expenses for minority interests and approximately € 0.1 billion for goodwill amortization expense.

Adjustments to noninterest expenses totaled € 1.0 billion in 1999. Significant adjustments related to different accounting methods used for management reporting versus U.S. GAAP included approximately € 0.2 billion for share compensation expense, approximately € 0.2 billion for timing differences in the recognition and presentation of restructuring activities, approximately € 0.1 billion for entities not consolidated for management reporting purposes and approximately € 0.1 billion for expenses for

minority interests. The remaining adjustments of € 0.4 billion were due to other accounting differences and to corporate items outside the management responsibility of the business segments.

Any item relating to different accounting methods used for management reporting versus U.S. GAAP not appearing in each of the years 2001, 2000 and 1999 was included in other accounting differences as the amounts were not significant.

Assets. The adjustments primarily consist of assets that are not allocated to the business segments, including deferred tax assets and premises and equipment.

Net revenues (including provision for loan losses) by geographical location

The following table presents net revenues (including provision for loan losses) by geographical location prepared according to U.S. GAAP:

in € m.	2001	2000	1999
Germany	12,788	14,295	12,885
Europe (excluding Germany)	7,429	9,739	5,023
North America (primarily U.S.)	6,186	7,585	4,711
South America	211	181	235
Asia-Pacific ^(a)	1,983	2,201	1,453
Consolidated net revenues^(b)	28,597	34,001	24,307

^(a) Includes revenues from Africa, which were not material in 2001, 2000 and 1999.

^(b) Consolidated net revenues include net interest revenues after provision for loan losses and noninterest revenues. Revenues are attributed to countries based on the location in which entities are located.

[27] International Operations

The following table presents asset and income statement information by major geographic area. The information presented has been classified based primarily on the loca-

tion of the Group's office in which the assets and transactions are recorded. However, due to the highly integrated nature of the Group's operations, estimates and assumptions have been made to allocate items between regions.

2001 in € m.	Total assets	Total revenues ^(a)	Total expenses ^(a)	Income/(loss) before taxes ^(c)	Net income/ (loss)
Europe (excluding Germany)	311,711	23,919	22,918	1,001	522
North America (primarily U.S.)	237,456	21,874	22,429	(555)	(811)
South America	2,433	816	708	108	41
Asia-Pacific ^(b)	58,487	4,875	4,723	152	7
International operations	610,087	51,484	50,778	706	(241)
Domestic operations (Germany)	308,135	23,156	22,059	1,097	408
Total	918,222	74,640	72,837	1,803	167
International as a percentage of total above	66 %	69 %	70 %	39 %	N/M

^(a) Total revenues include interest revenues and noninterest revenues. Total expenses include interest expenses, noninterest expenses and provision for loan losses.

^(b) Includes balance sheet and income statement data from Africa, which were not material in 2001.

^(c) Before cumulative effect of accounting changes.

N/M – Not meaningful

2000 in € m.	Total assets	Total revenues ^(a)	Total expenses ^(a)	Income before taxes	Net income
Europe (excluding Germany)	319,664	25,723	23,099	2,624	1,854
North America (primarily U.S.)	256,260	25,402	23,912	1,490	1,030
South America	1,475	759	701	58	52
Asia-Pacific ^(b)	69,865	5,470	5,128	342	203
International operations	647,264	57,354	52,840	4,514	3,139
Domestic operations (Germany)	281,730	25,228	22,873	2,355	10,374
Total	928,994	82,582	75,713	6,869	13,513
International as a percentage of total above	70 %	69 %	70 %	66 %	23 %

^(a) Total revenues include interest revenues and noninterest revenues. Total expenses include interest expense, noninterest expenses and provision for loan losses.

^(b) Includes balance sheet and income statement data from Africa, which were not material in 2000.

1999 in € m.	Total assets	Total revenues^(a)	Total expenses^(a)	Income (loss) before taxes	Net income (loss)
Europe (excluding Germany)	253,310	15,665	16,222	(557)	(591)
North America (primarily U.S.)	241,433	15,207	15,121	86	(404)
South America	1,818	830	717	113	104
Asia-Pacific ^(b)	86,440	4,009	4,040	(31)	(39)
International operations	583,001	35,711	36,100	(389)	(930)
Domestic operations (Germany)	292,788	21,469	18,729	2,740	2,543
Total	875,789	57,180	54,829	2,351	1,613
International as a percentage of total above	67 %	62 %	66 %	N/M	N/M

^(a) Total revenues include interest revenues and noninterest revenues. Total expenses include interest expense, noninterest expenses and provision for loan losses.

^(b) Includes balance sheet and income statement data from Africa, which were not material in 1999.

N/M – Not meaningful

[28] Derivative Financial Instruments and Financial Instruments with Off-Balance Sheet Risk

In the normal course of business, the Group enters into a variety of derivative transactions for both trading and non-trading purposes. The Group's objectives in using derivative instruments are to meet customers' needs, to manage the Group's exposure to risks and to generate revenues through trading activities. Derivative contracts used by the Group in both trading and non-trading activities include swaps, futures, forwards, options and other similar types of contracts based on interest rates, foreign exchange rates and the prices of equities and commodities (or related indices).

Derivatives held or issued for trading purposes

The Group trades derivative instruments on behalf of customers and for its own positions. The Group transacts derivative contracts to address customer demands both as a market maker in the wholesale markets and in structuring tailored derivatives for customers. The Group also takes proprietary positions for its own accounts. Trading derivative products include swaps, options, forwards and futures and a variety of structured derivatives which are based on interest rates, equities, credit, foreign exchange and commodities.

Derivatives held or issued for non-trading purposes

Derivatives held or issued for non-trading purposes primarily consist of interest rate swaps used to manage interest rate risk. Through the use of these derivatives, the Group is able to modify the volatility and interest rate characteristics of its non-trading interest-earning assets and interest-bearing liabilities. The Group is subject to risk from interest rate fluctuations to the extent that there is a gap between the amount of interest-earning assets and the amount of interest-bearing liabilities that mature or reprice in specified periods. The Group actively manages this interest rate risk through, among other things, the use of derivative contracts. Utilization of derivative financial instruments is modified from time to time within prescribed limits in response to changing market conditions, as well as changes in the characteristics and mix of the related assets and liabilities.

The Group also uses cross-currency interest rate swaps to hedge both foreign currency and interest rate risks from securities available for sale.

For these hedges, the Group applies either fair value or cash flow hedge accounting when cost beneficial. When hedging only interest rate risk, fair value hedge accounting is applied for hedges of assets or liabilities with fixed interest rates, and cash flow hedge accounting is applied for hedges of floating interest rates. When hedging both foreign currency and interest rate risks, cash flow hedge

accounting is applied when all functional-currency-equivalent cash flows have been fixed, otherwise fair value hedge accounting is applied.

For the year ended December 31, 2001, net hedge ineffectiveness from fair value hedges was a € 67 million gain. As of December 31, 2001, the longest term cash flow hedge outstanding matures in 2019.

Derivatives entered into for non-trading purposes that do not qualify for hedge accounting are also classified as trading assets and liabilities. These include interest rate swaps, foreign exchange forwards and cross currency interest rate swaps used to economically hedge interest and foreign exchange risk, but for which it is not cost beneficial to apply hedge accounting. Also included are negotiated transactions related to the Group's industrial holdings classified as available for sale, which the Group has entered into for strategic and economic purposes despite the fact that hedge accounting is precluded.

For the year ended December 31, 2001, net losses of € 27 million from non-trading equity derivatives used to offset fluctuations in employee share-based compensation expense were included in compensation and benefits.

Prior to January 1, 2001, most of the derivatives entered into for non-trading purposes, although considered

effective as economic hedges, did not qualify for hedge accounting mainly due to contemporaneous documentation requirements that could not be fulfilled when initially adopting U.S. GAAP after the fact. Consequently, these derivatives have been accounted for as trading derivatives, that is, they are marked to market and the changes in fair value are reported in trading revenues.

Financial Instruments with Off-Balance Sheet Credit Risk

The Group utilizes various lending-related financial instruments in order to meet the financing needs of its customers. The Group issues commitments to extend credit, standby and other letters of credit and guarantees. The contractual amount of these instruments is the maximum amount at risk for the Group if the customer fails to meet its obligations.

Off-balance sheet credit risk amounts are determined without consideration of the value of any related collateral and reflect the total potential loss on undrawn commitments to extend credit, guarantees, standby and other letters of credit and similar arrangements.

in € m.	31.12.2001	31.12.2000
Commitments to extend credit		
Fixed rates	23,197	21,641
Variable rates	97,532	87,101
Guarantees, standby letters of credit and similar arrangements^(a)	42,402	39,399
Commitments to purchase loans	1,265	352
Commitments to sell loans	2,999	351

^(a) Includes commitments to extend guarantees and letters of credit of € 3.2 billion and € 4.7 billion at December 31, 2001 and 2000, respectively.

This table does not include securities lending indemnifications issued to customers, which totaled € 42.2 billion and € 47.1 billion at December 31, 2001 and 2000, respectively. These balances represent the fair value of customers' securities loaned to third parties. The Group indemnifies customers to the extent of the replacement cost and/or the market value of the securities in the event of a failure by a third party to return the securities loaned. The market

value of collateral, primarily cash, received for customers' securities loaned is generally in excess of the contract amounts and totaled approximately € 44.0 billion and € 49.0 billion at December 31, 2001 and 2000, respectively.

As of December 31, 2001, commitments to enter into reverse repurchase and repurchase agreements amounted to € 3.9 billion and € 7.1 billion, respectively.

For certain closed-end real estate investment fund units placed by the Group, the investors hold rights to sell those units to the Group at discreet dates from 2005

through 2024. The total commitment from these rights was € 341 million and € 443 million at December 31, 2001 and 2000, respectively.

[29] Concentrations of Credit Risk

The Group places all of its credit exposures in the following categories: loans, tradable assets, over-the-counter ("OTC") derivatives and contingent liabilities.

Loans exclude interest-earning deposits with banks, other claims (mostly unsettled balances from securities transactions) and accrued interest.

Tradable assets include bonds, other fixed-income products and beginning in 2001, trading claims/receivables.

OTC derivatives are the Group's credit exposures arising from OTC derivative transactions. Credit exposure in OTC derivatives is measured by the cost to replace the contract if the counterparty defaults on its obligations. The costs of replacement amount to only a small portion of the notional amount of a derivative transaction. The Group calculates its credit exposure under OTC derivatives transactions at any time as the replacement costs of the transactions based on marking them to market at that time. In 2001, all OTC derivatives for trading and non-trading purposes are included. In 2000, the Group excluded OTC derivatives which did not qualify for hedge accounting treatment under U.S. GAAP. These derivatives were entered into with banks located in OECD countries that pose limited risk.

Contingent liabilities include credit guarantees and other guarantees. They exclude letters of credit, irrevocable loan commitments for book claims and bills of exchange and for guarantees and letters of credit as well as unutilized underwriting commitments. The Group excludes these because the exposure is only to the portion drawn down at any given time. Credit commitments are predominantly to non-financial institutions and are not significantly concentrated in any industrial sector.

We also exclude other quantifiable indemnities and commitments which almost entirely relate to securities lending on behalf of customers.

The following tables represent an overview of the Group's overall credit exposure (other than repurchase agreements, securities lending and borrowing, interest-earning deposits with banks and irrevocable credit commitments) by credit product broken down according to the industrial sector, the creditworthiness categories and the geographical region of the Group's counterparties. Credit exposure for these purposes consists of all transactions where losses might occur due to the fact that counterparties will not fulfill their contractual payment obligations. The gross amount of the exposure has been calculated without taking any collateral into account.

Industry Sector

in € m.	Loans		Tradable Assets		OTC Derivatives		Contingent Liabilities		Total	
	31.12. 2001	31.12. 2000	31.12. 2001	31.12. 2000	31.12. 2001	31.12. 2000	31.12. 2001	31.12. 2000	31.12. 2001	31.12. 2000
Banks and insurance	26,398	36,987	62,512	55,456	44,377	39,824	8,091	7,040	141,378	139,307
Manufacturing	32,074	34,760	13,917	1,971	4,903	1,711	12,705	12,363	63,599	50,805
Households	60,382	58,457	0	0	318	73	477	1,267	61,177	59,797
Public sector	23,569	25,675	91,578	91,687	1,576	1,970	240	256	116,963	119,588
Wholesale and retail trade	15,699	21,545	2,503	929	671	3,410	2,906	3,151	21,779	29,035
Commercial real estate activities	38,257	32,559	3,138	451	230	3,632	983	1,213	42,608	37,855
Other	69,044 ^(a)	71,422 ^(a)	28,524	26,100	4,888	557	11,254	9,454	113,710	107,533
Total	265,423	281,405	202,172	176,594	56,963	51,177	36,656	34,744	561,214	543,920

^(a) Other includes lease financing and a deduction for unearned income.

Creditworthiness Category

in € m.	Loans		Tradable Assets		OTC Derivatives		Contingent Liabilities		Total	
	31.12. 2001	31.12. 2000	31.12. 2001	31.12. 2000	31.12. 2001	31.12. 2000	31.12. 2001	31.12. 2000	31.12. 2001	31.12. 2000
AAA—AA	44,994	49,846	114,286	125,583	24,811	18,424	6,124	3,022	190,215	196,875
A	22,093	25,796	42,761	36,031	15,590	20,539	3,249	3,912	83,693	86,278
BBB	78,382	74,777	23,278	7,539	12,102	8,721	13,386	14,179	127,148	105,216
BB	95,730	106,221	12,497	4,618	3,913	2,676	11,270	10,977	123,410	124,492
B	21,576	22,790	5,924	2,766	459	650	2,445	2,523	30,404	28,729
CCC and below	2,648	1,975	3,426	57	88	167	182	131	6,344	2,330
Total	265,423	281,405	202,172	176,594	56,963	51,177	36,656	34,744	561,214	543,920

In the following table, exposures have been allocated to regions based on the domicile of the Group's counter-

parties, irrespective of any affiliations the counterparties may have with corporate groups domiciled elsewhere.

Credit Risk Profile by Region

in € m.	Loans		Tradable Assets		OTC Derivatives		Contingent Liabilities		Total	
	31.12. 2001	31.12. 2000	31.12. 2001	31.12. 2000	31.12. 2001	31.12. 2000	31.12. 2001	31.12. 2000	31.12. 2001	31.12. 2000
Eastern Europe	2,334	3,460	1,659	1,291	762	279	573	691	5,328	5,721
Western Europe	205,981	221,112	93,233	97,066	30,956	26,332	26,065	24,995	356,235	369,505
Africa	324	300	993	597	669	463	266	384	2,252	1,744
Asia/Pacific	13,035	13,481	29,315	18,426	6,143	7,475	3,077	3,210	51,570	42,592
North America	39,817	38,921	70,967	50,495	17,236	13,152	6,150	4,562	134,170	107,130
Central and South America	3,884	4,101	4,177	2,593	1,080	3,088	516	902	9,657	10,684
Other ^(a)	48	30	1,828	6,126	117	388	9	0	2,002	6,544
Total	265,423	281,405	202,172	176,594	56,963	51,177	36,656	34,744	561,214	543,920

^(a) Includes supra-national organizations and other exposures that have not been allocated to a single region.

[30] Fair Value of Financial Instruments

SFAS 107, "Disclosures about Fair Value of Financial Instruments," requires the disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are based on present value estimates or other valuation techniques. These derived fair values are significantly affected by assumptions used, principally the timing of future cash flows and the discount rate. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realized in an immediate sale or settlement of the instrument. The disclosure requirements of SFAS 107 exclude certain financial instruments and all nonfinancial instruments (e.g., franchise value of businesses). Accordingly, the aggregate fair value amounts presented do not represent management's estimation of the underlying value of the Group.

The following are the estimated fair values of the Group's financial instruments recognized on the Consolidated Balance Sheet, followed by a general description of the methods and assumptions used to estimate such fair values.

in € m.	Carrying Amount		Fair Value	
	31.12.2001	31.12.2000	31.12.2001	31.12.2000
Financial Assets				
Cash and due from banks/Central bank funds sold	10,392	8,742	10,392	8,742
Interest-earning deposits with banks	37,986	46,733	38,086	46,761
Securities purchased under resale agreements and securities borrowed	143,999	128,941	144,003	128,941
Trading assets	293,653	284,871	293,653	284,871
Securities available for sale	71,666	92,250	71,666	92,250
Other investments	6,221	7,604	6,225	7,605
Loans (excluding leases), net	256,194	267,046	259,235	268,861
Other financial assets	62,275	52,379	62,275	52,379
Financial Liabilities				
Noninterest-bearing deposits	29,731	28,615	29,731	28,615
Interest-bearing deposits	344,358	321,937	344,357	321,966
Trading liabilities	121,329	123,951	121,329	123,951
Securities sold under repurchase agreements and securities loaned	80,919	82,564	80,912	82,564
Other short-term borrowings	28,548	60,871	28,499	60,999
Other financial liabilities	68,950	76,794	68,950	76,794
Long-term debt ^(a)	170,984	158,397	172,138	158,715
Other positions				
Contingent liabilities ^(b)	42,402	39,399	42,402	39,407
Commitments to extend credit	120,729	108,742	120,694	108,800

^(a) Includes trust preferred securities.

^(b) Includes commitments to extend guarantees and letters of credit.

Methods and Assumptions

For short-term financial instruments, defined as those with remaining maturities of 90 days or less, the carrying amounts were considered to be a reasonable estimate of fair value. The following instruments were predominantly short-term:

Assets

Cash and due from banks
Central bank funds sold
Interest-earning deposits with banks
Securities purchased under resale agreements and securities borrowed
Other financial assets

Liabilities

Interest-bearing deposits
Securities sold under repurchase agreements and securities loaned
Other short-term borrowings
Other financial liabilities

For those components of the above listed financial instruments with remaining maturities greater than 90 days, fair value was determined by discounting contractual cash flows using rates which could be earned for assets with similar remaining maturities and, in the case of liabilities, rates at which the liabilities with similar remaining maturities could be issued as of the balance sheet date.

Trading assets/liabilities (including derivatives) and securities available for sale are carried at their fair values.

For short-term loans and variable rate loans which reprice within 90 days, the carrying value was considered to be a reasonable estimate of fair value. For those loans

for which quoted market prices were available, fair value was based on such prices. For other types of loans, fair value was estimated by discounting future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. In addition, specific loss component, including recoverable amounts of collateral, were considered in the fair value determination of loans. The fair value estimate of commitments to extend credit, standby and other letters of credit and guarantees represented the unrealized gains and losses on those off-balance sheet positions and was generally determined in the same manner as loans. Other investments consist primarily of investments in equity instruments (excluding, in accordance with SFAS 107, investments accounted for under the equity method).

Other financial assets consisted primarily of accounts receivable, accrued interest receivable, cash and cash margins with brokers and due from customers on acceptance.

Noninterest-bearing deposits do not have defined maturities. Fair value represents the amount payable on demand as of the balance sheet date.

Other financial liabilities consisted primarily of accounts payable, accrued interest payable, accrued expenses and acceptances outstanding.

The fair value of long-term debt and trust preferred securities was estimated by using market quotes, as well as discounting the remaining contractual cash flows using a rate at which the Group could issue debt with a similar remaining maturity as of the balance sheet date.

[31] Litigation

Due to the nature of its business, the Group is involved in litigation and arbitration proceedings in Germany and in a number of jurisdictions outside Germany, including the United States, arising in the ordinary course of business. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, the Group does not believe that the outcome of these proceedings, including the litigation described

below relating to the acquisition of Bankers Trust, will have a material adverse effect on the Group's financial condition or results of operations.

On April 12, 1999, Deutsche Bank AG and Dr. Rolf-E. Breuer, Spokesman of the Group's Board of Managing Directors, were sued in the U.S. District Court for the Southern District of New York in a securities class action complaint on behalf of all persons who sold Bankers Trust common stock or call options or who purchased put options on the open market during the period from Octo-

ber 26, 1998 through November 20, 1998. The complaint alleges that Deutsche Bank and Dr. Breuer violated the United States securities laws by making untrue statements of material fact and omitting to state material facts about negotiations to acquire Bankers Trust. The plaintiffs claim damages of approximately U.S.\$ 128 mil-

lion. On March 6, 2000, the court denied the defendants' motion to dismiss. Discovery is close to completion. On February 1, 2002, the court denied the motions of both parties for summary judgment and ordered trial to start on June 24, 2002.

[32] Terrorist Attacks in the United States

As a result of the terrorist attacks in the United States on September 11, 2001, the Group's office buildings located at 130 Liberty Street and 4 Albany Street in New York were damaged. The Group's employees located at these office buildings, in addition to employees located in leased properties at 4 World Trade Center and 14–16 Wall Street were relocated to contingency premises. The global financial and certain other industries were immediately adversely impacted which in turn had an adverse impact on the results of operations of the Group.

The Group is currently evaluating the future plans for the building located at 130 Liberty Street, which was severely damaged due to the destruction of the World Trade Center. The Group's building at 4 Albany Street, which was less severely damaged, is being renovated, although no timetable for reoccupation has been established. Employees based at 14–16 Wall Street have returned to their offices. The Group accelerated its occupation of a 47-story building at 60 Wall Street, which the Group acquired in November 2001. The leased property and all leasehold improvements at 4 World Trade Center were destroyed.

The Group continues to evaluate the costs that it will incur and the adverse impact of the terrorist attacks on its results of operations. Such costs will include, but are not limited to, write-offs of fixed assets, costs to repair the buildings, expenses incurred to replace fixed assets that were damaged, relocation expenses, and the abatement of the contamination of its buildings adjacent to the World Trade Center site. The Group expects to make a claim for these costs, including those related to business interruption, through its insurance policies, which have coverage limits of U.S.\$ 1.7 billion in total damages and a

U.S.\$ 750 million sublimit for business interruption, service interruption and extra expense. The Group believes that it will recover substantially all of these costs under its insurance policies, but there can be no assurance that all of the costs incurred, losses from business interruption, losses from service interruption or extra expenses will be paid by the insurance carriers, as they may dispute portions of the Group's claims. At December 31, 2001, no losses have been recorded by the Group.

Risk Report

The wide variety of our businesses requires us to identify, measure, aggregate and manage our risks effectively, and to allocate our capital among our businesses appropriately. We manage risk through a framework of risk principles, organizational structures and risk measurement and monitoring processes that are closely aligned with the activities of our Group Divisions.

Risk Management Principles

The following key principles underpin our approach to risk management:

- Our Group Board provides overall risk management oversight for our consolidated Group as a whole. Our Supervisory Board regularly monitors our risk profile.
- Our Group Risk Committee has responsibility for managing our risks.
- We manage credit, market, liquidity, operational and business risks in a coordinated manner at all levels within our organization.
- The structure of our global risk management department is closely aligned with the structure of our Group Divisions.
- The risk management function is independent of our Group Divisions.

Risk Management Organization

Our Group Chief Risk Officer, who is a member of our Group Board, is responsible for all risk management activities within our consolidated Group. The Group Chief Risk Officer chairs our Group Risk Committee. Each of our Group Divisions has a divisional Chief Risk Officer, who sits on the Group Risk Committee and reports directly to the Group Chief Risk Officer. The Group Risk Committee has the mandate to:

- define our risk appetite in a manner that is consistent with our overall business strategies;
- approve risk policies, procedures and methodologies that are consistent with our risk appetite;
- manage the portfolio of risks throughout our organization;

- allocate our economic capital (which we describe below) among our businesses in a rational manner that is consistent with the amount of risk we assume; and
- approve the organizational structure of our risk management department and appoint its key management personnel.

Each of our Group Divisions then has a divisional risk unit, which reports to the divisional Chief Risk Officer. Each divisional risk unit has the mandate to:

- ensure that the business conducted within its division is consistent with the risk appetite the Group Risk Committee has set;
- formulate and implement risk policies, procedures and methodologies that are appropriate to the businesses within its division;
- approve credit risk, market risk and operational risk limits;
- conduct periodic portfolio reviews to ensure that the portfolio of credit risks is within acceptable parameters; and
- develop and implement risk management infrastructures and systems that are appropriate for its division.

Our controlling, audit and legal departments support our risk management function. They operate independently both of the divisions and of the risk management department. Controlling's role is to quantify the risk we have assumed and ensure the quality and integrity of our risk-related data. Audit reviews the compliance of our internal control procedures with internal and regulatory standards. Legal provides legal advice and support on topics ranging from collateral arrangements to netting.

We realigned our risk management responsibilities in February 2001 to match the divisional realignment we announced at that time. The essential risk management functions and responsibilities have not changed.

Categories of Risk

The most important risks we assume are specific banking risks and risks arising from the general business environment. We also assume risks in our insurance companies.

Specific Banking Risks. Our risk management processes distinguish among four kinds of specific banking risks: credit risk, market risk, liquidity risk and operational risk.

- **Credit risk** arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, obligor or borrower (which we refer to collectively as “counterparties”). This is the largest single risk we face. We distinguish among three kinds of credit risk:
 - Default risk is the risk that counterparties fail to meet contractual payment obligations.
 - Country risk is the risk that counterparties are unable to fulfil their payment obligations as a result of government measures (such as currency transfer restrictions) or country-specific economic factors (such as currency devaluations).
 - Settlement risk is the risk that the settlement or clearance of transactions will fail. It arises whenever the exchange of cash, securities and/or other assets is not simultaneous.
- **Market risk** arises from the uncertainty concerning changes in market prices and rates (including interest rates, equity prices, foreign exchange rates and commodity prices), the correlations among them and their levels of volatility.
- **Liquidity risk** is the risk to our earnings and capital arising from our potential inability to meet obligations when they are due without incurring unacceptable losses.
- **Operational risk** is the potential for incurring losses in relation to staff, technology, projects, assets, customer relationships, other third parties or regulators, such as through unmanageable events, business disruption, inadequately defined or failed processes or control/system failure.

General Business Risk. General business risk describes the risks that changes in general business conditions, such as our market environment, client behavior and technological progress, can cause. These can affect our earnings if we are unable to quickly adjust to changing conditions.

Insurance-Specific Risks. Insurance-specific risks arise in the context of our insurance business. They consist of accidental risk and change risk.

- **Accidental risk** arises from the risk that we may, due to the random occurrence of insured events, have to pay out more claims than expected.
- **Change risk** is the risk that, as overall conditions or the behavior of insured persons change, we do not recognize these changes promptly and allow for them by adjusting our insurance premiums or the terms on which we write insurance policies.

Risk Management Tools

We use a comprehensive range of quantitative tools and metrics for monitoring and managing risks. Some of these tools are common to a number of risk categories, while others are tailored to the particular features of specific risk categories. These quantitative tools and metrics generate the following kinds of information:

- information that quantifies the susceptibility of the market value of single positions or portfolios to changes in market parameters (commonly referred to as sensitivity analysis);
 - information that measures aggregate risk using statistical techniques, taking into account the interdependencies and correlations between individual risks; and
 - information that quantifies exposures to losses that could arise from extreme movements in market prices or rates, using scenario analysis to simulate crisis situations.
- We also calculate risk data for regulatory purposes. As a matter of policy, we continuously assess the appropriateness and the reliability of our quantitative tools and metrics in the light of our changing risk environment. The following are the most important quantitative tools and

metrics we currently use to measure, manage and report our risk:

Economic Capital. We rely on our book capital, meaning the amount of equity capital that appears in our balance sheet, to absorb any losses that result from the risks we assume in our businesses. We use economic capital as our primary tool to allocate our book capital among our businesses. We also use it to assess their profitability and their relative abilities to employ capital efficiently. Economic capital is a measure designed to state with a high degree of certainty the amount of equity capital we need at any given date to absorb unexpected losses arising from our exposures on that date. We use it to show an aggregated view of our risk position from individual business lines up to our consolidated Group level.

We calculate economic capital for the default risk, country transfer risk and settlement risk elements of credit risk, for market risk, for operational risk and for general business risk. We have not calculated economic capital for liquidity risk, the risk at our insurance companies nor the industrial holdings of DB Investor, each of which we cover using other risk management tools.

Value-at-Risk. We use value-at-risk analysis to measure and manage market risks in both our trading and our non-trading portfolios. Our value-at-risk (or VAR) figures play a role in both internal and external (regulatory) reporting. The value-at-risk approach is used to derive a quantitative measure specifically for market risks under normal market conditions. For a given portfolio, value-at-risk measures the possible future loss (in terms of market value) which, under normal market conditions, will not be exceeded with a defined probability in a certain period. The value-at-risk for a total portfolio represents a measure of our aggregated market risk in that portfolio.

Stress Testing. We supplement our analysis of market risk with stress testing. Stress tests help us determine the effects of potentially extreme market developments on the market values of our assets. We use stress testing to determine the amount of economic capital we need to

allocate to cover our market risk exposure under extreme market conditions.

Expected Loss. We use expected loss as a measure of the default and country transfer risk parts of our credit risk. Expected loss quantifies the loss we expect from credit defaults within a one-year period based on historical data we have gathered from our credit-related business.

Regulatory Risk Reporting. German banking regulations assess our capacity to assume risk in several ways:

- **Risk position.** The total risk we have assumed, which we calculate according to regulations by risk-weighting our assets for credit risks and market risks. The German Banking Supervisory Authority permits us to use our proprietary value-at-risk approach to calculate the market risk component. Our risk position must be backed by capital such that we maintain the required regulatory capital ratios.
- **Regulatory capital and reserves.** The regulatory capital we must maintain to back our risk position.

Credit Risk

Credit risk makes up the largest part of our risk exposures. Our credit risk management follows these principles:

- Every extension of credit to any counterparty requires approval at the appropriate (pre-established) seniority level.
- All of our Group Divisions must apply consistent standards in arriving at their credit decisions.
- The approval of credit limits for counterparties and the management of our individual credit exposures must fit within our portfolio guidelines and our credit strategies, and each decision must also be justified on a risk-versus-return basis.
- Every material change to a credit facility (such as of its tenor, collateral structure or major covenants) requires approval at the appropriate (pre-established) level.
- We assign credit approval authorities to individuals according to their qualifications, experience and training, and we review these periodically.
- We measure and consolidate all our credit exposures to each obligor on a global, consolidated basis that applies across our consolidated Group. We define an “obligor” as a group of individual borrowers or counterparties that:
 - are linked to one another by any of a number of criteria we have established, including capital ownership, voting rights, demonstrable control or other indication of group affiliation;
 - are jointly and severally liable for all or significant portions of the credit we have extended; and/or
 - whose commercial and economic interests are interdependent.

Credit Risk Ratings

A primary element of the credit approval process is a detailed risk assessment of every credit exposure associated with an obligor. Our risk assessment procedures consider both the creditworthiness of the counterparty and the risks related to the specific type of credit facility or exposure. The resulting risk rating not only affects the outcome of the credit decision, but also influences the level of decision-making authority we require to extend the

credit, the terms and conditions of the transaction and the monitoring procedures we apply to the ongoing exposure.

Whenever possible, we review the external risk ratings that recognized risk rating agencies assign to our counterparties. However, we also have our own in-house assessment methodologies and rating scales for evaluating our client groupings. When we assign our internal risk ratings, we compare them for consistency with risk ratings used by the major international rating agencies.

Credit Limits

Credit limits set forth maximum credit exposures we are willing to assume over specified periods. They relate to products, conditions of the exposure and other factors.

Exposure Measurement for Approval Purposes

In making credit decisions, we measure and consolidate globally all exposures and facilities to the same obligor that carry credit risk. This includes loans, repurchase agreements, reverse repurchase agreements, letters of credit, guarantees and derivative transactions. We exclude exposures that we feel do not expose us to any significant default risk, or that we handle under our policies relating to other categories of risk such as settlement or market risk. For approval purposes, we do not distinguish between committed and uncommitted or advised and unadvised facilities. We treat any prolongation of an existing credit exposure as a new credit decision requiring the appropriate procedures and approvals.

A written credit report forms the basis of every credit decision we make. This report presents and assesses the material information for a decision regarding a credit exposure. A key component of the report is a risk assessment of the credit exposure, which we describe in greater detail above.

We generally update our credit reports annually. We require credit reports for all initial credit approvals and for subsequent internal reviews. They contain at a minimum an overview of our relevant limits and exposures, a summary of our internal rating history of the counterparty, an overview of the particular facilities, key financial data, a

short description of the reason for the report's submission and a summary credit risk assessment.

Our Overall Credit Exposures

Tables which break down our total credit exposure (other than repurchase agreements, securities lending and borrowing, interest-earning deposits with banks and irrevocable credit commitments) according to the industrial sectors, the creditworthiness categories of our counterparties and geographical region are shown in Note [29] to the consolidated financial statements.

The following table represents the gross fair values and notional amounts of OTC and exchange-traded derivative contracts we held for trading and non-trading purposes as of December 31, 2001.

To reduce our derivatives-related credit risk, we regularly seek the execution of master agreements (such as the International Swap Dealers Association (ISDA) contract for swaps) with our clients. A master agreement allows the offsetting of the obligations arising under all of the derivatives contracts the agreement covers, resulting in one single net claim against the counterparty (called "close-out netting"). In addition, we also enter into "payment netting" agreements under which we net non-simultaneous settlement of cash flows, reducing our principal risk. We frequently enter into these agreements in our foreign exchange business. For internal credit exposure measurement purposes, we only apply netting when we believe it is legally enforceable for the relevant jurisdiction and counterparty. Similarly, we enter into collateral support agreements only when we believe that the risk situation justifies doing so. These collateral arrangements generally provide risk mitigation through periodic (usually daily) margining of the covered portfolio or transactions and termination of the master agreement if the counterparty fails to honor a collateral call. As with netting, when we believe the collateral is enforceable we reflect this in our exposure measurement. In the second quarter of 2001, netting arrangements related to several counterparties were internally approved which increased significantly the number of transactions subject to netting.

31.12.2001

Within One Year

in € m.

Interest-rate-related transactions

OTC products	
FRA's	852,774
Interest rate swaps (single currency)	2,577,291
Purchased interest rate options	154,642
Written interest rate options	154,965
Other interest rate trades	0
Exchange-traded products	
Interest rate futures	641,346
Purchased interest rate options	85,628
Written interest rate options	320,404
Sub-total	4,787,050

Currency-related transactions

OTC products	
Forward exchange trades	1,118,557
Cross currency swaps	861,174
Purchased foreign currency options	117,994
Written foreign currency options	108,057
Exchange-traded products	
Foreign currency futures	8,419
Purchased foreign currency options	210
Written foreign currency options	18
Sub-total	2,214,429

Equity/index-related transactions

OTC products	
Equity/index swaps	44,327
Purchased equity/index options	35,682
Written equity/index options	35,700
Other equity/index trades	0
Exchange-traded products	
Equity/index futures	575
Equity/index purchased options	44,383
Equity/index written options	45,326
Sub-total	205,993

Other transactions

OTC products	
Precious metal trades	18,180
Non-precious metal trades	7,608
Exchange-traded products	
Futures	112
Purchased options	2,502
Written options	2,041
Sub-total	30,443

Total OTC business 6,086,951

Total exchange-traded business 1,150,964

Total 7,237,915

Positive market values after netting agreements

After One Year But Within Five Years	Notional Amount Distribution		Positive Market Value	Negative Market Value	Net Market Value
	After Five Years	Total			
57,124	23	909,921	336	(450)	(114)
2,372,353	1,938,660	6,888,304	111,469	(109,752)	1,717
396,240	276,128	827,010	16,320	0	16,320
356,620	303,712	815,297	0	(16,015)	(16,015)
0	0	0	0	0	0
93	0	641,439	78	(399)	(321)
0	0	85,628	11	0	11
0	0	320,404	0	(25)	(25)
3,182,430	2,518,523	10,488,003	128,214	(126,641)	1,573
34,022	1,268	1,153,847	20,692	(17,978)	2,714
134,361	98,538	1,094,073	26,174	(25,121)	1,053
17,392	619	136,005	6,883	0	6,883
16,830	702	125,589	0	(6,028)	(6,028)
1,068	13	9,500	0	0	0
0	0	210	0	0	0
0	0	18	0	0	0
203,673	101,140	2,519,242	53,749	(49,127)	4,622
111,574	37,594	193,495	8,044	(10,436)	(2,392)
49,789	8,254	93,725	13,188	0	13,188
61,183	4,802	101,685	0	(11,128)	(11,128)
0	0	0	0	0	0
0	0	575	8	(352)	(344)
9,567	0	53,950	3,958	0	3,958
9,950	16	55,292	0	(3,737)	(3,737)
242,063	50,666	498,722	25,198	(25,653)	(455)
19,810	3,593	41,583	1,446	(1,337)	109
4,068	212	11,888	1,515	(718)	797
15	0	127	0	0	0
36	0	2,538	8	0	8
52	0	2,093	0	(5)	(5)
23,981	3,805	58,229	2,969	(2,060)	909
3,631,366	2,674,105	12,392,422	206,067	(198,963)	7,104
20,781	29	1,171,774	4,063	(4,518)	(455)
3,652,147	2,674,134	13,564,196	210,130	(203,481)	6,649
			60,999		

Because the replacement values of our portfolios fluctuate with movements in market rates and with changes in the transactions in the portfolios, we also estimate the potential future replacement costs of the portfolios over their lifetimes or, in case of collateralized portfolios, over appropriate unwind periods.

Trading activities in credit derivatives led to positive market values of € 1.1 billion after netting as at December 31, 2001. Credit derivatives are included in the table above; they are assigned to interest-rate related or equity/index-related transactions in accordance with German banking regulations. Outside the trading activities, derivative transactions are also used to manage credit risks in the banking book. In particular, we entered into a number of credit protection transactions. As at December 31, 2001 the loan volume covered by these transactions amounted to € 26.4 billion.

Country Risk

We manage the country risk portion of credit risk by focusing on the following three major measures of risk:

- **Cross Border Transfer Risk.** Cross border transfer risk arises from exposures to counterparties in countries other than the country where our unit that assumes the exposure is located. We define transfer risk as arising where an otherwise solvent and willing debtor is unable to meet its obligations due to the imposition of governmental or regulatory controls restricting its ability either to obtain foreign exchange or to transfer assets to non-residents. Events such as payment moratoria and exchange controls may cause this risk to materialize. For internal risk management purposes cross border transfer risk includes credit we have extended to our own international branches and subsidiaries, although for this disclosure we have not included these transactions.
- **Total Country Credit Exposure.** This is risk arising from exposures to counterparties we view as being at risk of events that occur in a particular country. We include credit that our local operations extend to counterparties in the local operations' jurisdictions (even if the exposure is denominated in local currency). It also includes credit we extend to offshore subsidiaries of those local clients. Events such as currency devaluations (govern-

ment- or market-driven) may cause this risk to materialize.

- **Highly-Stressed Event Risk Scenarios.** We use stress testing to measure potential market risk on our trading positions. We view these as market risks and discuss them under Market Risk below.

Country Risk Ratings. A key component of our country risk management process is a detailed risk assessment of each country to which we have exposure. The internal country research departments at our DB Research unit, which is independent of our Credit Department, carry out this assessment. They base it on an analysis of economic and political risk indicators relating to each country and its region. The assessment produces risk ratings, the most important of which are a Country Risk Rating, a Country Transfer Risk Rating and a Country Event Risk Rating.

We regularly compare our internal risk ratings with the ratings the major international rating agencies publish to identify possible areas for further consideration. We review the Country Risk Ratings for all countries at least annually in connection with our annual review of our country risk limits. We generally review the Country Risk Ratings of the major emerging market countries in which we conduct business on a quarterly basis. Countries which we view as particularly volatile are subject to continuous review in connection with our country event risk process.

Our Country Transfer Risk Ratings are based on the Country Risk Rating, but reflect the fact that not all cases of economic disruption automatically lead to the imposition of controls over the transfer of money or other assets to non-residents. Country Transfer Risk Ratings are established, approved and monitored in the same process as the Country Risk Ratings upon which they are based.

We describe our Country Event Risk Ratings under Market Risk below.

Country Risk Limits. We base our limits for our cross border transfer risk exposures on a "money-at-risk" methodology. Money-at-risk is an estimate of the impact that an actual or potential payment moratorium could have on our results of operations.

For each country in which we extend credit, either our Group Board or our Group Credit Policy Committee (pursuant to delegated authority) sets our money-at-risk limits. We also calibrate our money-at-risk limits along our exposure maturity profile, setting lower limits for longer term exposure.

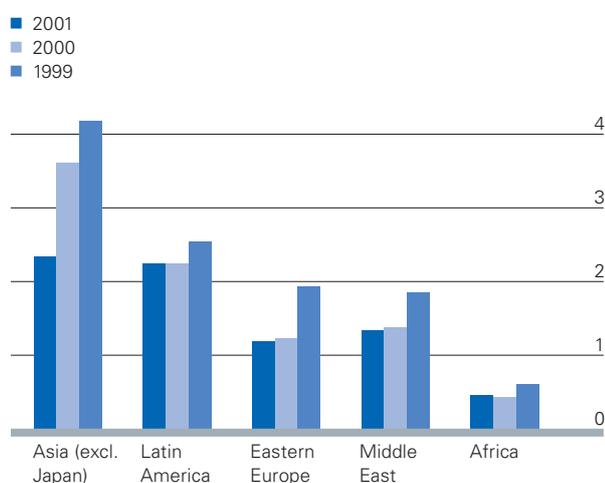
We manage our exposure to country risk in our trading book using event risk scenario limits. Event risk scenario limits are a form of stress-tested market risk limit. For further information on event risk scenario limits, see Market Risk.

Cross Border Transfer Risk. As at December 31, 2001, our exposures to cross border transfer risk totaled € 86.4 billion. This exposure includes unutilized committed lines. As stated above this amount does not include our funding of our local units in emerging markets (which include all countries in Latin America (including the Caribbean), Asia (excluding Japan), Eastern Europe, the Middle East and Africa), which totaled € 0.8 billion on December 31, 2001. Our international portfolio amounted to € 106.9 billion in cross border transfer risk terms as of December 31, 2000.

The significant majority of our cross border exposures are to counterparties in other OECD countries with high credit ratings (including other countries within the euro zone). We face limited cross border transfer risk with respect to these claims. Of our cross border transfer risk exposures with emerging markets of € 9.5 billion, only € 7.6 billion represents utilized exposures, down from € 8.9 billion on December 31, 2000 and € 11.1 billion on December 31, 1999.

The following chart shows our utilized cross border transfer risk on December 31, 2001, 2000 and 1999 to counterparties in emerging market countries by region:

Emerging Markets Cross Border Transfer Risk Exposure by Region
in € bn.



Total Country Credit Exposure. Our business activities in emerging markets are focused on delivering a broad range of our global products and services to our multinational

clients and to selected local counterparties. We manage the credit risk inherent in our activities in emerging market countries by not only managing our credit exposure in cross border transfer risk terms but also by managing our total credit exposure to local counterparties.

Similar to our cross border transfer risk we have also reduced our total country credit exposure to emerging markets, down from € 23.1 billion on December 31, 2000 to € 15.8 billion on December 31, 2001 (with reduced utilizations down from € 21.6 billion to € 14.0 billion).

Measuring our Default and Country Risk Exposures

We measure our exposure to default and country transfer risk using expected loss, and we maintain economic capital with respect to the exposures. We base our expected loss and economic capital calculations on that part of our total credit exposure that we feel is exposed to default and country transfer risk. We exclude exposures that we treat as subject to risks other than default and country transfer risk, such as tradable assets. The following table shows our default and country transfer risk exposure, and expected loss and economic capital, by Group Division, as we calculate it for expected loss and economic capital purposes:

31.12.2001 in € m.	Corporate and Investment Bank	Private Clients and Asset Management	Others*	Total Group
Loans	187,976	70,599	6,848	265,423
OTC derivatives	56,902	49	13	56,964
Contingent liabilities	35,186	1,467	3	36,656
Irrevocable credit commitments	120,859	4,463	769	126,091
Repurchase agreements and securities lending business	12,283	0	0	12,283
Interest-earning deposits with banks	35,199	443	2,344	37,986
Total Credit Risk	448,405	77,021	9,977	535,403
Expected Loss	649	218	10	877
Economic capital for default and country transfer risk	7,657	1,037	83	8,777

* Primarily the Corporate Investments Group Division.

Expected Loss. Expected loss is a measurement of the default loss we can expect over a one-year period on our credit exposure, based on our historical loss experience. We have collected empirical loss data for periods ranging from ten years for some of our traditional lending products in Germany down to considerably shorter periods for our newest credit products and regions of operation. In calculating expected loss, we take collateralization, maturities and statistical averaging procedures into account to reflect the risk characteristics of our different types of exposures and facilities.

We use expected loss as a tool of our risk management process and as part of our management reporting systems. While expected loss provides us with a useful measure for planning purposes of the losses we can expect on our credit exposures, it does not affect the credit performance information contained in our financial statements in any way. You should distinguish between expected loss, on the one hand, and the credit provisions and allowances that appear in our financial statements, on the other. Our provisions are, as we describe below, based on actual experience with and expectations concerning each of our specific exposures, on country transfer risk determinations and on the other inherent loss calculation we describe below.

Economic Capital. We define credit exposures the same way for calculating economic capital on default and country transfer risks as we do for calculating expected loss. We calculate the economic capital requirement for our credit exposures as the amount we would need to protect ourselves against very severe losses caused by defaults. "Very severe" means a 0.02 % probability that losses within one year will exceed our economic capital for that year.

We take diversification effects across our exposures into account when calculating divisional economic capital, and across our Group Divisions when calculating our Group economic capital. In this context, "diversification effects" refer to the relatively low probability that severe losses will occur simultaneously across our exposures and Group Divisions.

Monitoring Our Default and Country Risk Exposures

Monitoring Default Risk. We monitor all of our credit exposures on a continuing basis using the credit risk monitoring tools described above. We also have procedures in place to identify at an early stage credit exposures for which there may be a risk of loss. Accountability for recognition of problem credits rests with the relationship manager in conjunction with the appropriate credit officer. We believe that problem customers must be identified well in advance to effectively manage the credit exposure. The objective of an early warning system is to address potential problems while adequate alternatives for action are still available. This early detection is a tenet of our credit culture and is intended to ensure that greater attention is paid to such an exposure. In instances where we have identified potential problem customers, we transfer the related exposures to a special loan management team. The function of this group is to effectively manage problem exposures by taking prompt corrective action so that asset values are preserved and our losses minimized. The special loan management team performs this function either through consultation with the credit unit or direct management of an exposure.

Monitoring Country Risk. We charge our Group Divisions with the responsibility of managing their country risk within the approved limits. In addition, the regional units within Credit Risk Management (the credit risk function within our risk management department) monitors our cross border transfer risk (expressed in money-at-risk terms) based on information our controlling department provides. Our Group Credit Policy Committee also regularly reviews data on cross border transfer risk. In addition, in connection with our emerging markets exposure reduction strategy, Credit Risk Management closely monitors our total credit exposure to emerging markets countries and regularly provides reports to our Group Credit Policy Committee.

Group Market Risk Management (the market risk function within our risk management department) monitors country event risk regularly with data our risk controlling department produces. Our Event Risk Committee, a subcommittee of our Group Credit Policy Committee, meets

every two weeks and monitors country event risk limits and our usage of the limits. The Risk and Resources Committee within our Corporate and Investment Bank Group Division also oversees key country event risk concentrations.

Credit Loss Experience and Allowance for Loan Losses

We establish an allowance for loan losses that represents our estimate of probable losses in our loan portfolio. The components of this allowance are:

- **Specific loss component:** Provisions we take to cover the default risk of specific exposures.
- **Inherent loss component:**
 - Country risk allowance: Provisions we take to cover credit losses inherent in our pool of cross border loans to borrowers located in certain countries solely as a result of transfer and currency convertibility risks.
 - Smaller-balance standardized homogenous loan loss allowance: Provisions we maintain at a portfolio level for these types of loans.
 - Other inherent loss allowance: Provisions we take as an estimate of credit losses we have not identified on an individual or portfolio basis.

Specific Loss Component. We establish allowances for those exposures that are considered impaired, that is, where we determine that it is probable that we will be unable to collect all interest and principal due under the loan agreement. We determine the amount, if any, of the specific provision we should make, taking into account the present value of expected future cash flows, the fair value of the underlying collateral or the market price of the loan.

Inherent Loss Component. The inherent loss component is for all other loans we do not individually provision for, but which we believe to have some inherent loss on a portfolio basis.

Country Risk Allowance. We establish country risk provisions for loan exposures in countries where we have serious doubts about the ability of our counterparties to comply with the repayment terms due to the economic or political

situation prevailing in the respective countries of domicile, that is, for transfer and currency convertibility risks.

Smaller-Balance Standardized Homogenous Loan Loss Allowance. Our smaller-balance standardized homogenous portfolio includes automobile loans, residential and smaller commercial mortgages, overdrafts, small business working capital loans and loans to private banking customers and retail customers. In order to determine the amount of the allowance we provide for these loans, we divide the portfolio into two segments. The first segment consists of current and performing loans, for which we provide through our other inherent loss provision. The second segment consists of loans that are delinquent and for which we establish specific allowances. These are considered our non-performing homogenous loans. We individually evaluate these loans and establish allowances using techniques based upon the collateral available, past due status and other characteristics. We then aggregate the allowances we establish and maintain them at a portfolio level.

Other Inherent Loss Allowance. This component of the allowance (which constituted approximately 10 % of our total allowance as at December 31, 2001 and 2000) represents an estimate of our inherent losses resulting from the imprecisions and uncertainties in determining credit losses. This estimate of inherent losses excludes those exposures we have already included in the specific loan loss provisioning. We calculate this component by applying loss factors derived for each legal entity to the corresponding period end loan categories. We derive the loss factors for each entity as a ratio of historical average loan losses (net of recoveries) to an historical average of its loan exposures, the result of which is adjusted for relevant current environmental factors. We believe that this component of the allowance is necessary to establish an allowance at a level sufficient to absorb probable losses not otherwise provided for.

Chargeoff Policy. We take chargeoffs when we determine that the loans underlying the allowances are uncollectable. Determining when a loan is uncollectable is a question of judgment.

We generally charge off a loan when all economically sensible means of recovery have been exhausted. Our determination considers information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that the proceeds from collateral will not be sufficient to pay the loan.

Prior to 2001, our entities regulated outside the United States, which accounted for approximately 87 % of our net chargeoffs in 2000, consistently charged off loans when all legal means of recovery had been exhausted. This practice resulted in chargeoffs occurring at a later date than for our entities regulated in the United States.

As we have previously disclosed in connection with our New York Stock Exchange listing on October 3, 2001 and the conversion to U.S. GAAP, we began to develop a methodology in 2001 to bring our worldwide chargeoff practices more into line with industry practices in the United States and had anticipated that the timing of our chargeoffs would accelerate. In 2001, entities regulated outside the United States began to implement this change, which resulted in a higher level of chargeoffs relative to that which would have occurred under the prior practice. Our percentage of total net chargeoffs to average loans for the year 2001 was 0.71 % compared to 0.39 % for 2000 and 0.31 % for 1999. The full implementation of this change may continue to affect the timing of chargeoffs in future years.

Problem Loans. Our problem loans are comprised of non-accrual loans, loans ninety days past due and still accruing, troubled debt restructurings and potential problem loans. As we have previously disclosed in connection with our New York Stock Exchange listing on October 3, 2001 and the conversion to U.S. GAAP, we began in 2001 to apply the non-accrual practice of our entities regulated in the United States (whose aggregate non-accrual loans comprised approximately 15 % of our total non-accrual loans as at December 31, 2000) to our entities regulated outside the United States as well. This did not increase the overall level of problem loans but did increase non-accrual loans with a similar decrease in potential problem loans and loans ninety days past due and still accruing. Our discussed change in non-accrual practice did not significantly impact interest revenues as we continue to recognize interest payments received currently on a cash basis.

The change in our total problem loans in 2001 includes € 2.5 billion of net new problem loans offset by € 2.0 billion of net chargeoffs.

The following table presents the components of our 2001 and 2000 problem loans:

in € bn.	31.12.2001			31.12.2000		
	Impaired Loans*	Non-Performing Homogenous Loans	Total	Impaired Loans*	Non-Performing Homogenous Loans	Total
Non-accrual loans	10.0	1.5	11.5	5.1	1.5	6.6
90 days past due and still accruing	0.5	0.4	0.9	1.0	0.4	1.4
Troubled debt restructurings	0.3	0.0	0.3	0.1	0.0	0.1
Potential problem loans**	0.0	0.0	0.0	4.1	0.0	4.1
Total problem loans	10.8	1.9	12.7	10.3	1.9	12.2

* Loans for which we determine that it is probable that we will be unable to collect all interest and principal due under the loan agreement.

** Impaired loans that were not previously classified as non-accrual, 90 days past due and still accruing or as troubled debt restructurings. In 2001, such loans are classified as non-accrual.

Non-Accrual Loans. Beginning in 2001, we place a loan on non-accrual status if either

- the loan has been in default as to payment of principal or interest for 90 days or more and the loan is neither well secured nor in the process of collection, or
- the loan is not yet 90 days past due, but in the judgment of management the accrual of interest should be ceased before 90 days because it is probable that we will be unable to collect all contractual payments of interest and principal.

We apply management judgment based on our credit assessment of the borrower in determining when a loan should be placed on non-accrual status. When a loan is placed on a non-accrual status, any accrued but unpaid interest previously recorded is reversed against current period interest revenue. Cash receipts of interest on non-accrual loans are recorded as either interest revenue or a reduction of principal according to management's judgment as to collectibility of principal.

As at December 31, 2001, our non-accrual loans totaled € 11.5 billion, a net increase of € 4.9 billion, or 74 %, from 2000. We estimate that the impact of the change in our non-accrual practice, as discussed above, was approximately € 3.4 billion. € 2.0 billion was due to additional non-accruals in our U.S. entities, a further € 745 million was due to our medium-sized corporate portfolio and real estate businesses in Germany and € 290 million was due to a deterioration in our smaller-balance homogenous

portfolio in Italy. These increases were partially offset by movements in other portfolios and net chargeoffs.

Ninety Days Past Due and Still Accruing. These are loans in which contractual interest or principal payments are 90 days or more past due but on which we continue to recognize interest revenue. Due to the change in our non-accrual practice of continuing to accrue interest on loans that are 90 days past due only if they are well secured and in the process of collection, the amount of these loans declined as at December 31, 2001.

In 2001, our 90 days past due and still accruing interest loans decreased by € 651 million, or 44 %, to € 847 million, primarily reflecting the movement of our real estate portfolios in Germany (€ 410 million) and the smaller-balance homogenous portfolio in Italy (€ 255 million) to non-accrual status.

Troubled Debt Restructurings. Troubled debt restructurings are loans which we have restructured due to deterioration in the borrower's financial position. We may restructure these loans by one or more of the following:

- reducing the stated interest rate for the remaining portion of the original life of the debt;
- extending the maturity date (or dates) at an interest rate lower than the current market rate for new debt with a similar risk profile;
- reducing the face amount or maturity amount of the debt; and
- reducing the accrued interest on the debt.

If a loan is restructured by means of a modification of its terms and at the time of the restructuring the new interest rate was greater than or equal to the market rate for similar credit risks, then, once the borrower performs satisfactorily for one year under the terms of the restructured loan, we no longer consider that borrower's loan to be a troubled debt restructuring.

Our troubled debt restructurings totaled € 279 million as at December 31, 2001, an 80 % increase from 2000. This increase is primarily attributable to restructured credits in Western Europe and Asia.

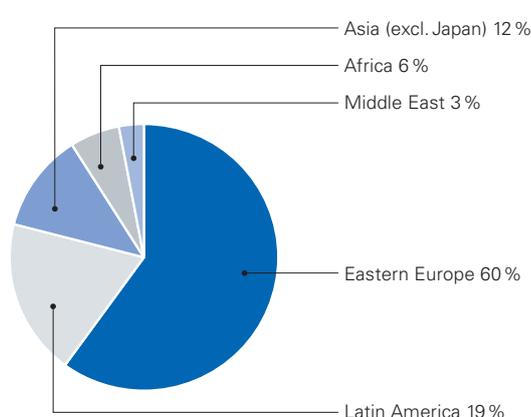
The following table shows the approximate effect on interest revenue of non-accrual loans and troubled debt restructurings. It shows the gross interest income that would have been recorded in 2001 if those loans had been current in accordance with their original terms and had been outstanding throughout 2001 or since their origination, if we only held them for part of 2001. It also shows the amount of interest income on those loans that was included in net income for 2001.

in € m.	31.12.2001
German loans	
Gross amount of interest that would have been recorded at original rate	288
Less interest, net of reversals, recognized in interest revenue	93
Reduction of interest revenue	195
Non-German loans	
Gross amount of interest that would have been recorded at original rate	349
Less interest, net of reversals, recognized in interest revenue	154
Reduction of interest revenue	195
Total reduction of interest revenue	390

Our previously discussed change in non-accrual practice did not significantly impact interest revenues as we continue to recognize interest payments received currently on a cash basis.

Country Risk Allowance by Geographical Region. The following graph shows the breakdown of our country risk allowance by geographical region on December 31, 2001:

Country Risk Allowance by Region



The countries in which we make loans that have a relatively high country risk allowance include Argentina, Indonesia, Nigeria and Russia. These four countries accounted for 93 % of our country risk allowance in 2001. In 2000 Brazil, Indonesia, Russia and Turkey made up for 84 % of our country risk allowance.

Movements in the Allowance for Loan Losses. We record increases to our allowance for loan losses as an expense on our consolidated income statement. If we determine that we no longer need provisions we have taken previously, we decrease our allowance and record the amount as a reduction of the provision on our consolidated income statement. Chargeoffs reduce our allowance while recoveries increase the allowance without affecting the consolidated income statement.

The following table sets forth a breakdown of the movements in our allowance for loan losses for the periods specified:

in € m.	31.12.2001	31.12.2000
Allowance at beginning of year	6,745	7,281
Total chargeoffs	(2,055)	(1,296)
Total recoveries	67	75
Net chargeoffs	(1,988)	(1,221)
Provision for loan losses	1,024	478
Other changes*	(196)	207
Allowance at end of year	5,585	6,745

* currency translation and allowance related to acquisitions/divestitures

Our allowance for loan losses as at December 31, 2001 was € 5.6 billion, 17% lower than the € 6.7 billion at the end of 2000. This decrease in our allowance balance was principally due to increases in our chargeoffs, offset by increases in provisions due to weakened economic conditions in 2001.

Our chargeoffs grew to € 2.1 billion in 2001, an increase of € 759 million, or 59 %, over 2000 chargeoff. This was principally due to a change in practice in our entities regulated outside the United States. Out of the total chargeoffs for 2001 € 1.4 billion or two-thirds were in our German portfolio, of which € 957 million applied to clients in the medium-sized corporate portfolio and € 407 million related to smaller-balance standardized homogenous exposures. The remaining € 700 million were chargeoffs in our non-German portfolio, of which € 402 million or 58 % related to chargeoffs in North America, principally in our high yield business.

Our total provision for loan losses in 2001 was € 1.0 billion, an increase of 114 % from the prior year. This amount is composed of both new specific and inherent loan loss provisions, reflecting the downturn in the global economy.

Our specific loan loss allowance was € 3.7 billion at December 31, 2001, a 19 % decrease from 2000. The change in the allowance includes a specific loan loss provision of € 951 million, 70 % of which was for non-German clients. The provision was 18 % higher than the prior year and included increased provisions related to a single American borrower in the utilities industry, various Argentine exposures and our high yield business. The increased

provision was offset in part by € 1.6 billion in net chargeoffs.

Our inherent loss allowance totaled € 1.9 billion as at December 31, 2001, a decrease of € 303 million, or 14 %, from the level at the end of 2000. A major driver of the net reduction was € 383 million of chargeoffs in our Private and Personal Banking business in Germany, partially offset by a provision for smaller-balance standardized homogeneous exposures of € 127 million. Furthermore, our country risk allowance shows a net decrease of 16 % reflecting the sell down of assets which previously attracted country risk allowance in Turkey and throughout Asia excluding Japan, and an increase in collateral held against cross border assets.

Our allowance for loans as at December 31, 2000 was € 6.7 billion, 7 % lower than the € 7.3 billion at the end of 1999. This decrease in our allowance balance was principally due to increases in our chargeoffs, lower specific provisions and a net release of our inherent loss provisions.

Our chargeoffs increased to € 1.3 billion in 2000, a € 457 million, or 54 %, increase over 1999 chargeoffs. Of this increase, € 423 million is exclusively attributable to our non-German customers. Approximately 70 %, or € 296 million, of this increase is due to chargeoffs related to Russia and Iraq. We also had € 34 million of chargeoffs for our German clients in the medium-sized corporate portfolio. Approximately 60 % of the chargeoffs captured in the German-Other category related to a single medium-sized German corporate customer in the construction industry.

Our total provision for loan losses in 2000 was € 478 million, a decline of 34 % from the prior year. This balance is composed of net new specific loan loss provisions and a release of our inherent loss provisions. Our total net new specific loan loss provision amounted to € 805 million, which was almost equally split between German and non-German clients. Our specific loan loss provisions declined between 1999 and 2000, reflecting the improvement of the quality of our loan portfolio. Specific provisions were approximately 13 % less in 2000 than the prior year due in large part to provisions we took in 1999

with respect to a significant exposure to a single German borrower in the real estate industry.

Our inherent loss allowance totaled € 2.2 billion as at December 31, 2000, a 19 % drop from the level at the end of 1999. This decline reflects the effect of the € 296 million of chargeoffs described above and country provision releases totaling € 154 million. Of the € 154 million country provision releases, € 88 million is due to reduced exposure (mainly in Brazil and Turkey), € 34 million is due to a net reduction in provisioning rates applied to individual countries, and the remaining amount relates to other changes, primarily foreign exchange. In addition to a small increase in our allowances on the homogenous loan portfolio, we released a net € 98 million from our other inherent loss allowance in 2000 due to two legal entities: Eurohypo and Bankers Trust. Each of these entities had a decrease in its loss factors in 2000 because of a decline in its historical average chargeoffs and an increase in its average loan exposures.

Treatment of Default Situations under Derivatives.

Unlike in the case of our standard loan assets, we generally have more options to manage the credit risk in our over-the-counter derivatives when movement in the current replacement costs of the transactions and the behavior of our counterparty indicate that there is the risk that upcoming payment obligations under the transactions might not be honored. In these situations, we frequently are able to obtain additional collateral or terminate the transactions or the related master agreement.

When our decision to terminate transactions or the related master agreement results in a residual net obligation of the counterparty, we restructure the obligation into a non-derivative claim and manage it through our regular workout process. As a consequence, we do not show any non-performing derivatives.

Settlement Risk

Our extensive trading activities may give rise to risk at the time of settlement of those trades.

For many types of transactions, we mitigate settlement risk by closing the transaction through a clearing agent which effectively acts as a stakeholder for both parties, only settling the trade once both parties have fulfilled their sides of the bargain.

Where no such settlement system exists, as is commonly the case with foreign exchange trades, the simultaneous commencement of the payment and the delivery parts of the transaction is common practice between trading partners. We call this "free settlement". In these cases, we may seek to mitigate our settlement risk through the execution of bilateral payment netting agreements. We are also an active participant in industry initiatives to reduce settlement risks.

Market Risk

Substantially all of our businesses are subject to the risk that market prices and rates will move and result in profits or losses for us. We distinguish among four types of market risk:

- interest rate risk (including specific risk as well as general risk, as described below);
- equity price risk (including specific risk as well as general risk);
- foreign exchange risk;
- commodity price risk.

We assume market risk in both our trading and our non-trading activities. Trading risks arise either from customer-driven business or from our proprietary positions. We assume risk by making markets in interest rate, foreign exchange, equity and commodity derivatives, as well as in foreign exchange, debt, equity, other securities and commodities.

Our market risk disclosures are based on German banking regulations which permit banks to calculate market risk using their own internal models. Our internal proprietary value-at-risk model has been duly approved by the German Banking Supervisory Authority and is used to calculate the market risk component of our regulatory risk position for interest rate and equity price risks in assets held for trading purposes and for foreign exchange and commodity price risks.

Limits. We manage our market risk through risk limits. We establish limits using a variety of risk measurement tools, including position sensitivity, value-at-risk and stress test methodologies. Our members of the Group Board and Group Risk Committee, supported by Group Market Risk Management which is part of our internally independent risk management function, set a Group-wide hierarchy of value-at-risk limits. Starting with a Group limit, these limits also include a maximum value-at-risk for our Corporate and Investment Bank Group Division, which includes all of our trading units as well as a portion of our non-trading banking book, and further global limits. We allocate these limits among our Group Divisions and the Group Divisions

further allocate these limits to specific business lines and trading portfolio groups and to geographical regions.

The overall value-at-risk limit for our Corporate and Investment Bank Group Division was € 73 million both throughout the year 2001 and on December 31, 2001 (with a 99 % probability level and a one-day holding period). This includes both our trading activities and the part of our non-trading banking book that we allocate to our Corporate and Investment Bank Group Division. The value-at-risk limit for our consolidated Group was € 77 million both throughout the year 2001 and on December 31, 2001.

Value-at-Risk Analysis. We use the value-at-risk approach to derive quantitative measures specifically for market risks under normal market conditions. We include all material instruments and exposures to material market risks in the value-at-risk figures we calculate, with the exception of:

- equity investments and
- foreign exchange risk arising from currency positions that German regulation permits us to exclude from currency risk reporting. These are both currency positions which are fully deducted from, or covered by, equity capital recognized for regulatory reporting and shares in affiliated companies we record in foreign currency and value at historical cost (structural currency position).

For a given portfolio, value-at-risk measures the potential future loss (in terms of market value) that, under normal market conditions, will not be exceeded in a defined period and with a defined probability. The value-at-risk measure enables us to apply a constant and uniform measure across all of our trading businesses and products. This facilitates comparisons of our market risk estimates both over time and against our actual daily trading results.

Since January 1, 1999, we have calculated value-at-risk for both internal and external reporting using a 99 % probability level, in accordance with BIS rules. For internal reporting purposes, we use a holding period of one day. For regulatory reporting purposes, the holding period is ten days.

We believe that our value-at-risk model takes into account all material risk factors, assuming normal market conditions. Examples of these factors are interest rates,

equity prices, foreign exchange rates and commodity prices, as well as their volatilities. The model incorporates both linear and non-linear effects of the risk factors on the portfolio value. In our model, the non-linear effects capture risks specific to derivatives. The statistical parameters required for the value-at-risk calculation are based on a 261 trading day history (corresponding to one calendar year of trading days) with equal weighting being given to each observation.

The value-at-risk for interest rate and equity price risks is made up in each case of two components. The general risk describes value changes due to general market movements, while the specific risk has issuer-related causes. We assume when aggregating general and specific risk that there is no correlation between them.

It is our strategy to calculate value-at-risk using Monte Carlo simulations. However, we still use a variance-covariance approach for some portfolios. In particular, we use a variance-covariance method to calculate specific interest rate risk for some portfolios. In 2001 we moved the calculation of specific interest rate risk for major businesses from the variance-covariance approach to the Monte Carlo simulation method.

Back-testing. We use back-testing to verify the predictive power of the value-at-risk procedure. In back-testing, we compare the daily profits and losses we actually generate with the estimates we had forecast using the value-at-risk procedure.

A back-testing committee meets on a quarterly basis to discuss back-testing results on the Group and lower levels. The committee consists of risk managers, risk controllers and business area controllers. They analyze performance fluctuations and assess the predictive power of our value-at-risk models. Using the results of statistical analyses of the back-testing results, the committee contributes to our initiatives to improve the risk estimation process.

Stress testing. While value-at-risk, calculated on a daily basis, supplies forecasts for maximum losses under normal market conditions, we simulate extreme market movements using stress tests, in which we value our trading portfolios under extreme market scenarios not covered by value-at-risk.

We calculate country-specific event risk scenarios for all of the major emerging markets where we take material risk. We assess these event risk results twice weekly and daily for selected countries and a committee reviews the ratings and the limits bi-weekly (although Group Market Risk Management can alter these limits, like any other market risk limits, at any time). In addition to the country-specific event risk scenarios for emerging markets, we also run periodic global market stress scenarios on the positions of every major business line.

The quantification of market risk under extreme stress scenarios forms the basis of our assessment of the economic capital we need to cover the market risk in all of our positions. Underlying risk factors (market parameters) applicable to the different products are stressed, meaning that we assume a sudden change, according to pre-defined scenarios. We take the resulting predicted losses from applying the worst of these scenarios to the various portfolios as the economic capital for those businesses. We derive the stress scenarios from historic worst case scenarios adjusted for structural changes in current markets. Our scenarios cover:

- emerging market risks, including equity price declines, strong interest rate movements and currency devaluations;
- credit spread risk for bonds and traded loans from industrialized and emerging markets countries;
- price and volatility risk for interest rate, equity price, foreign exchange and commodity prices for industrialized countries. This covers both securities and derivatives portfolios;
- underwriting risk in debt capital markets and asset securitization business, as well as provisions for hedge fund exposures in our equity business.

We aggregate the economic capital by aggregating losses from those scenarios using correlations that reflect stressed market conditions.

On December 31, 2001, our economic capital for market risk (excluding that relating to our alternative assets businesses) totaled € 1.2 billion.

Limitations of our Proprietary Risk Models. Although we believe that our proprietary market risk models are of a high standard, we are committed to their further development.

You should view our value-at-risk analyses in the context of the limitations of the methodology we use. Our value-at-risk results should not, therefore, be viewed as maximum amounts that we can lose on our market risk positions.

Although we believe that the aggregate value-at-risk estimates for our consolidated Group as a whole stand up well against our back-testing procedures, we acknowledge the limitations in the value-at-risk methodology by augmenting the value-at-risk limits with other position and sensitivity limit structures, as well as with stress testing, both on individual portfolios and on a consolidated basis.

Aggregated Value-at-Risk of the Group. Our consolidated Group value-at-risk calculation includes the value-at-risk of the trading units that were in our Corporate and Investment Bank Group Division and the interest rate and foreign exchange risks of our non-trading units. A comparison of the consolidated Group's and trading units' value-at-risk numbers shown below indicates that the non-trading units' market risk is relatively small.

The following table shows the value-at-risk calculation for our consolidated Group. The minimum and maximum value-at-risk amounts show the bands within which the values fluctuated during the periods specified. We calculate the value-at-risk with a holding period of one day and a probability level of 99 %. 'Diversification effect' refers to the effect that the total value-at-risk on a given day is lower than the sum of the value-at-risk figures relating to the individual risk factors. We exclude our structural currency position pursuant to German banking regulation.

in € m.	Total		Diversification effect		Interest rate risk		Equity price risk		Foreign exchange risk		Commodity price risk	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Average	43.11	43.63	23.44	24.32	37.36	38.26	19.89	18.67	6.08	7.49	3.21	3.53
Maximum	54.21	65.51	31.04	36.49	48.54	62.56	35.04	42.15	16.27	11.81	7.60	6.77
Minimum	29.36	30.86	16.73	17.65	24.15	25.84	11.67	10.79	3.02	3.53	1.78	1.33
Year-end	41.58	37.75	21.64	17.65	36.07	35.22	20.09	12.30	3.55	5.00	3.52	2.89

Value-at-risk of our Corporate and Investment Bank Group Division Trading Units. The following table shows the value-at-risk of our trading units in 2001 and 2000:

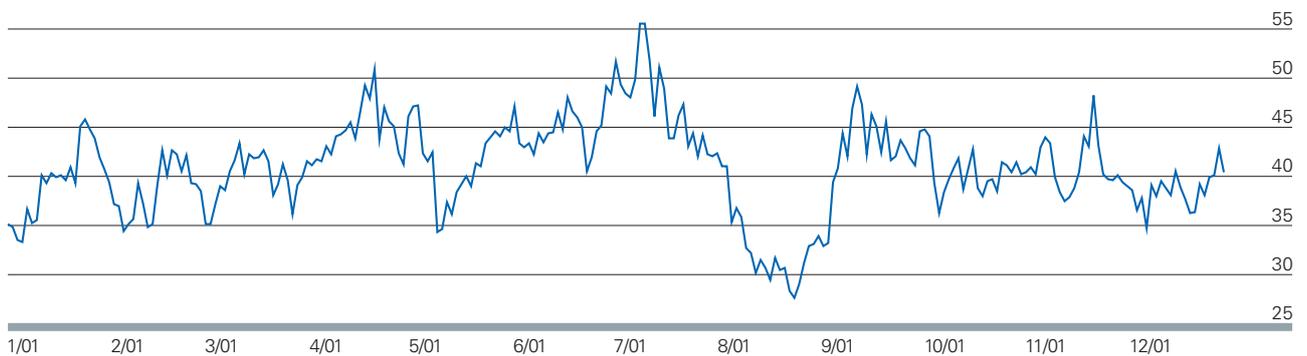
in € m.	Total		Diversification effect		Interest rate risk		Equity price risk		Foreign exchange risk		Commodity price risk	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Average	41.02	40.79	23.19	23.84	34.91	35.05	19.90	18.67	6.19	7.39	3.22	3.53
Maximum	55.38	60.79	30.60	34.33	51.69	49.20	35.04	42.15	16.61	11.96	7.60	6.77
Minimum	27.89	29.41	16.68	17.42	22.35	25.36	11.67	10.79	2.87	3.64	1.78	1.33
Year-end	40.53	34.87	21.11	17.42	34.88	32.11	20.09	12.30	3.15	4.99	3.52	2.89

Within our Corporate and Investment Bank Group Division, our interest rate exposures are dominated (in terms of net directional exposures) by instruments denominated in euro, U.S. dollar, pound sterling and Japanese yen. Foreign exchange risk is mainly driven by U.S. dollar, pound sterling, Japanese yen and Swiss franc exposures as measured against our base currency of euro.

The graph on the following page shows the daily aggregate value-at-risk of our trading units in 2001 including diversification effects. As the value-at-risk of our trading units is the major contributor to our consolidated Group value-at-risk, the shapes of the value-at-risk curves

of our consolidated Group are similar to those of our trading units.

Daily Value-at-Risk of Trading Units in 2001
in € m.

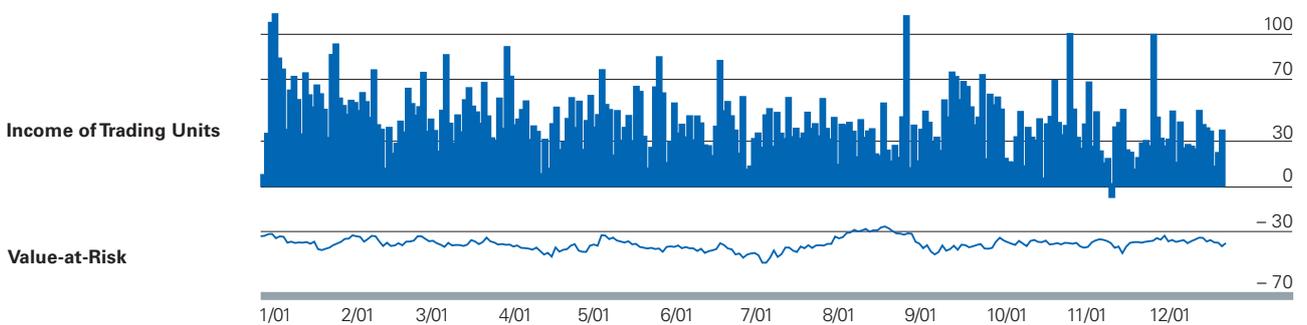


Our trading value-at-risk largely fluctuated between € 35 million and € 45 million in 2001, with the peaks above € 45 million almost all due to above-average interest rate risk positions that were taken in anticipation of rate cuts in the world's largest industrialized countries. The third quarter drop in value-at-risk below € 35 million coincided

with quiet northern hemisphere summer markets and reduced risk positions generally.

The value-at-risk and actual income of the trading units throughout the year are shown in the following graph. We used this data as a basis for back-testing.

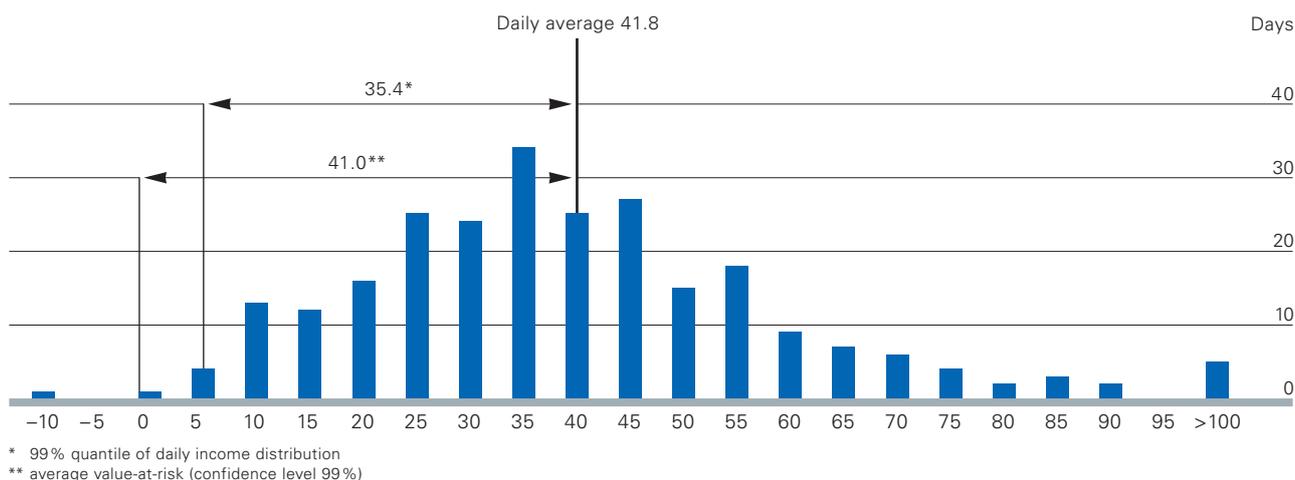
Income of Trading Units and Value-at-Risk in 2001
in € m.



The following bar chart shows the distribution of actual daily income of our trading units in 2001. The chart also indicates the number of trading days on which we reached each of the levels of trading units' income shown on the

horizontal axis in millions of euro. The trading units achieved a positive income for over 99 % of the trading days and on no trading day did they incur a loss which exceeded the value-at-risk for that day.

Daily Income of Trading Units in 2001
in € m.



The distribution of our trading units' income enables us to compare the reasonableness of our value-at-risk estimate with the volatility of our actual daily income. The bar chart shows that the actual distribution of our trading units' income implies a 99 % downside risk level of € 35.4 million below the average daily income level of € 41.8 million. This is less than the average value-at-risk estimate of € 41.0 million.

Market Risk Management in our Other Non-Trading Portfolios. We manage the market risks arising from our non-trading portfolios on behalf of our entire consolidated Group. Apart from the Corporate and Investment Bank Group Division (which includes Eurohypo, our mortgage bank subsidiary in Germany), Deutsche Bank 24, Deutsche Bank Lübeck, Deutsche Financial Services and Deutsche Bank Saar incur market risk. The market risk our other subsidiaries incur is immaterial.

Alternative Assets

Consolidation and Management of our Alternative Assets Investment Portfolio. As part of our corporate reorganization in February 2001, we consolidated all of our alternative assets investments (except industrial holdings; see below) under a new management structure irrespec-

tive of the originating business division. The alternative assets investment portfolio aggregates our private equity and venture capital assets with the alternative assets and other non-trading equity investments that we previously managed in our different business divisions.

Alternative Assets Investment Activities. All of our three Group Divisions engage in alternative assets investment activities. The Corporate Investments and the Private Clients and Asset Management Group Divisions conduct investment activities in alternative assets as principals, fiduciaries and on behalf of third parties as fund managers. We define alternative assets as direct investments in private equity, venture capital, mezzanine debt, real estate principal investments, investments in leveraged buy-out funds, venture capital funds and hedge funds. We manage our investments in hedge funds as principal in the Private Clients and Asset Management Group Division and on a smaller scale, in the Corporate and Investment Bank Group Division.

Alternative Assets Governance Committee. To ensure a coordinated investment strategy, a consistent risk management process and appropriate portfolio diversifica-

tion, our Alternative Assets Governance Committee supervises all of our alternative asset investment activities.

This Committee defines investment strategies, determines risk adjusted return requirements, sets limits for investment asset classes, allocates economic capital among the various alternative assets units and approves policies, procedures and methodologies for managing alternative assets risk. The Committee receives monthly portfolio reports showing performance, estimated market values, economic capital usage and risk profiles of the investments. The Committee also oversees the portfolio of industrial holdings and other strategic investments in financial services entities held in our Corporate Investments Group Division.

The Committee has established dedicated investment commitment committees for each alternative asset category, including private equity and venture capital, real estate and hedge funds. The investment commitment committees review and approve transactions that exceed the delegated approval authority of investment managers. Investments that exceed delegated authority levels of an investment commitment committee must be approved by the Group Board.

We carry private equity, venture capital and real estate investments on our balance sheet at their costs of acquisition (less write-downs, if applicable) or fair value. In certain circumstances, depending on our ownership percentage or management rights, we apply the equity method to our investments. In some situations, we consolidate investments made by the private equity business. We account for our investments in leveraged buy-out funds using the equity method and carry hedge fund investments at current market value.

At the end of 2001 the book value of our alternative assets investment portfolio amounted to € 11.9 billion. It consisted mainly of our private equity investments of € 7.1 billion, € 3.9 billion of real estate investments and € 0.9 billion of hedge funds. This includes real estate investments of € 3.1 billion and hedge fund investments of € 0.9 billion which we added in 2001 when we realigned our businesses and created the unified alternative assets investment portfolio.

The portfolio is dominated by the private equity and real estate investments which amounted to € 11.0 billion at December 31, 2001. They were invested in North America (50 %) and Western Europe (40 %), with only small percentages in Central and South America and the Asia-Pacific region. In terms of industrial sectors we believe the majority of the private equity portfolio is well diversified. Of the above € 7.1 billion, a € 2.0 billion portion is held in funds for which we do not have data to support disclosure of their profile by industry.

At the end of 2000, the book value of our private equity and real estate investments was € 7.9 billion. The increase in the value is solely the result of the inclusion of additional real estate and hedge fund exposures that we managed elsewhere and not due to growth of the business. On a comparable basis, the book value of the portfolio has, in fact, declined due to the significant write-downs and value adjustments of private equity and real estate investments in 2001, which totaled € 1.6 billion.

Predominantly all the risk in our alternative assets portfolio is equity price risk. We assess the risk of these businesses through the use of stress testing procedures that are particular to each risk class, taking into account the liquidity of each class. This assessment forms the basis of economic capital needed for the portfolio. On December 31, 2001, our economic capital for alternative assets under the aegis of the Alternative Assets Governance Committee totaled € 6.1 billion. This increased from € 2.8 billion in 2000 due to new positions being taken on and a downgrade in ratings on some of the portfolio.

Management of our Industrial Holdings. DB Investor is responsible for administering and restructuring our industrial portfolio. However, Deutsche Bank AG holds some industrial holdings directly. DB Investor currently plans to sell most of its publicly listed holdings over the next few years, subject to the legal environment and market conditions.

Our Mutual Fund Investments. Our mutual fund investments (held in the Private Clients and Asset Management and Corporate and Investment Bank Group Divisions) amounted to € 5.5 billion at December 31, 2001 and had not changed significantly in value since the end of 2000. They were invested predominately in securities and shares of Western European (mainly German) issuers and across a broad mix of industries (including governments).

Liquidity Risk

As our balance sheet has grown significantly in the recent years, our liquidity management function has become more important. With our finalizing of the funding matrix and the stress testing capabilities we describe below, we have concluded the last steps to establish a fully integrated liquidity risk management framework.

Funding Matrix

We have created what we call our "Funding Matrix," on which we have mapped all of our funding relevant assets and liabilities in time buckets corresponding to their maturities. Given that trading assets are typically more liquid than their contractual maturities suggest, we have divided them into liquids (assigned to the time bucket one year and under) and illiquids (assigned to time buckets up to five years based on modeling of their liquidation profile). We have modeled assets and liabilities that show a behavior of being renewed or prolonged regardless of capital market conditions (such as some retail products) and assigned them to time buckets accordingly. The Funding Matrix shows the excess or shortfall of assets over liabilities in each time bucket and thus allows us to identify and manage open liquidity exposures. We have also developed a cumulative mismatch vector, which enables us to predict

whether any excess or shortfall will grow, decline or switch over time. The Funding Matrix forms the basis for our annual securities issuance plan which upon approval of our Group Asset and Liability Committee establishes issuing targets for securities by tenor, volume and instrument. On the basis of this model we have not identified any material funding mismatches.

Short-term Liquidity

We have established a system to track net cash outflows over an eight-week horizon. This system allows management to assess our short-term liquidity position in any location, region and globally on a by-currency and by-product basis. The system captures all of our cash flows, thereby including liquidity risks resulting from off-balance sheet transactions as well as from transactions on our balance sheet. We model transactions which have no specific contractual maturities using statistical analysis to capture the actual behavior of these transactions. Our Group Board, upon the recommendations of our Group Asset and Liability Committee, has set global and regional limits for the liquidity exposures which we monitor on a daily basis.

Unsecured Funding

Unsecured wholesale funding is a finite resource. Over the course of 2001, we have reduced our unsecured wholesale (as opposed to retail) funding by approximately € 25 billion (see table on next page). Our Group Asset and Liability Committee has set limits to restrict utilization of unsecured wholesale funding.

Funding Diversification and Asset Liquidity

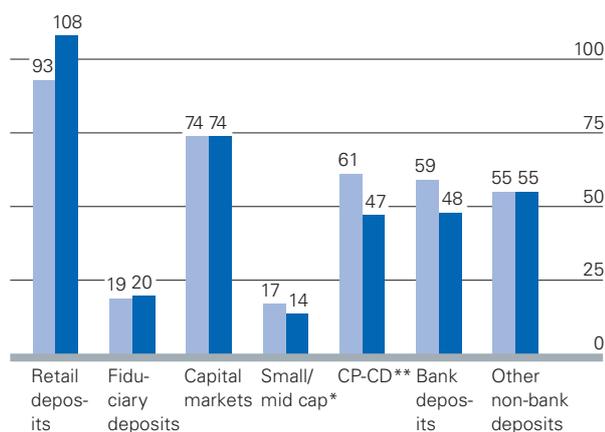
Diversification of our funding profile in terms of investor types, regions, products and instruments is an important part of our liquidity policy. Our core funding resources, such as retail and fiduciary deposits and long-term capital markets funding, form the cornerstone of our liability profile. Customer deposits, funds from institutional investors and interbank funding are additional sources of funding. We use interbank deposits primarily to fund liquid assets.

Total External Unsecured Liabilities by Product

in € bn.

■ December 31, 2000: total € 378 billion

■ December 31, 2001: total € 366 billion



December 2001 data – Bank deposits are split between Bank deposits € 36 billion/ Central bank € 12 billion.

* Small/mid cap: refers to deposits by small and medium-sized European corporates.

** CP-CD: refers to Commercial Paper-Certificates of Deposit.

The above chart shows the composition of our unsecured liabilities as at December 31, 2001 in euro. Our total unsecured liabilities amounted to approximately € 366 billion on that date. The liability diversification report is a management information tool we use to actively manage our liability composition. It contains all relevant unsecured liabilities and can selectively be reconciled against balance sheet items.

We track the volume and location within our consolidated inventory of unencumbered, highly liquid assets which we can use immediately to raise funds either in the repurchase agreement markets or by selling the assets.

The securities inventory consists of a wide variety of liquid securities, which we can convert into cash even in times of market stress.

The liquidity of these assets is an important element in protecting us against short-term liquidity squeezes. By holding these liquid assets, we also protect ourselves against unexpected liquidity squeezes resulting from customers drawing large amounts under committed credit facilities. In addition, we maintained, on average, a € 26 billion portfolio of highly liquid securities in major currencies around the world to supply collateral for cash needs associated with clearing activities in euro, U.S. dollar and other major currencies.

Stress Testing and Scenario Analysis

In 2001, we completed the development of stress testing and scenario analysis to evaluate the impact of sudden, unforeseen events with an unfavorable impact on the bank's liquidity. The scenarios are either based on historic events (such as the stock market crash of 1987, the U.S. liquidity crunch of 1990 and the terrorist attack of September 11, 2001) or modeled using hypothetical events. They include internal scenarios (such as operational risk, merger or acquisition, credit rating downgrade by 2 and 4 notches) as well as external scenarios (such as market risk, emerging markets, systemic shock and prolonged global recession). Under each of these scenarios we assume that all maturing assets will need to be rolled over and require funding whereas rollover of liabilities will be partially impaired. We then model the steps we would take to counterbalance the resulting net shortfall in funding needs such as selling assets and adjusting the price we would pay for liabilities. This analysis is fully integrated within the existing liquidity framework. We take our contractual cash flows as a starting point, which enables us to track the cash flows per currency and product over an eight-week horizon (the most critical time span in a liquidity crisis) and apply the relevant stress case to each product. Asset saleability as described in the paragraph above complements the analysis. Our stress testing analysis provides guidance as to our ability to survive critical scenarios and would, if deficiencies were detected, cause us to make

changes to our asset and liability structure. The analysis is performed monthly. The following report is illustrative of our stress testing results as at December 31, 2001. For each scenario, the table shows what our maximum funding gap would be over an eight week horizon after occur-

rence of the triggering event, whether the risk to our liquidity would be immediate and whether it would improve or worsen over time and how much liquidity we believe we would have been able to generate at the time to close the gap.

Scenario	Funding Gap* in € m.	Liquidity Impact	Gap Closure** in € m.
Market Risk	6,060	Gradually increasing	64,750
Emerging Markets	12,939	Gradually increasing	77,537
Prolonged Global Recession	17,795	Gradually increasing	71,297
Systemic Shock	30,934	Immediate, duration 2 weeks	64,750
DB downgrade to A1/P1 (short term) and A1/A+ (long term)	13,958	Gradually increasing	64,750
Operational Risk	20,921	Immediate, duration 2 weeks	64,750
Merger & Acquisition	36,101	Gradually increasing, pay-out in week 6	64,750
DB downgrade to A2/P2 (short term) and A3/A- (long term)	55,450	Gradually increasing	70,578

* Funding gap after assumed partially impaired rollover of liabilities. All assets are renewed.

** Additional liquidity generated through counterbalancing activity.

With the increasing importance of liquidity management in the financial industry, we consider it important to contribute to our financial stability by regularly addressing central banks, supervisors and market participants on liquidity risk-related topics. We participate in a number of working groups regarding liquidity and will strive to assist in creating an industry standard that is appropriate to evaluate and manage liquidity risk.

Off-balance Sheet Arrangements with Unconsolidated Special Purpose Entities

Special purpose entities (SPEs) are legal entities created for a particular purpose and are used in structuring a wide range of capital markets products. We take into consideration our commitments arising from off-balance sheet arrangements with unconsolidated SPEs when we assess our liquidity and related risks. We consolidate the majority of the SPEs we are involved with. Those we do not consolidate relate primarily to asset securitizations and commercial paper programs.

In an asset securitization, we sell financial assets to a securitization trust which funds its purchase by issuing

debt (asset-backed securities) to investors. We have no control over the securitization trust after the sale and we and our creditors have no claim on the assets we have sold. Similarly, the investors and the securitization trust have no recourse to our other assets if the loans go into default. For these reasons, we are not permitted to consolidate these trusts. Asset-backed securities are attractive to investors in what is a deep and liquid market that lowers borrowing costs and increases credit availability to businesses and to consumers.

The securitization trusts we use in these transactions pose limited liquidity risks since the payments to investors are directly tied to the payments received from the trust's assets and are unaffected by changes in our own credit rating or financial situation. A sudden drop in investor demand for asset-backed securities could cause us to restrict our lending thereafter for the types of loans we typically securitize, but we are not dependent on securitizations as a source of funding and such a market shift would not pose any significant additional liquidity risk not already considered in our risk analyses. To the extent we hold senior or subordinated debt issued by a securitization

trust we have credit risk which is considered as part of our credit risk assessments or market valuations. Note [9] to the consolidated financial statements provides additional information regarding the volume of our asset securitization activities.

Commercial paper programs represent a way for third parties to securitize their financial assets. In commercial paper programs, we do not securitize any of our own financial assets, but act as administrative agent. As administrative agent, we facilitate the sale of loans, other receivables, or securities from various third parties to an SPE. We may also facilitate the transfer of the loans and securities that represent collateral provided by the third parties in return for loans granted by the SPE. The SPE then issues collateralized commercial paper to the market. In these situations, the commercial paper issuer is restricted from purchasing assets from or making loans to us. Rating agencies typically rate such commercial paper in the highest short-term category because of the collateral and credit support normally provided by a financial institution.

Unlike securitization trusts, commercial paper programs do pose liquidity risk since the commercial paper issued is short-term whereas the issuer's assets are longer term. We take on this risk as well as the credit risk of the assets of the issuer whenever we provide a liquidity support facility to the issuer. We had € 24.6 billion of such facilities outstanding as at December 31, 2001. These facilities are included in our overall assessments of credit and liquidity risks.

Besides these two main types of activities, we also engage in activities with SPEs which do not pose any off-balance sheet risk. For example, we may act as investor, servicer or administrator or we may be sought out to provide a financial product. The effects of these transactions are fully reflected in our consolidated financial statements.

Contractual Financial Obligations and Commercial Commitments

The following table shows the maturity breakdown of the indicated contractual financial obligations outstanding as at December 31, 2001:

in € m.	2002	2003	2004	2005	Due in 2006	Due after 2006	Total
Long-term debt*	19,027	25,068	23,627	20,524	14,710	63,952	166,908
Capital lease obligations	164	163	160	153	152	1,646	2,438
Operating lease obligations	596	489	429	349	284	1,571	3,718
Total	19,787	25,720	24,216	21,026	15,146	67,169	173,064

* Excludes € 4.1 billion of trust preferred securities.

The following table shows the maturity breakdown of the indicated commercial commitments outstanding as at December 31, 2001:

in € m.						Due in	Due after	Total
	2002	2003	2004	2005	2006	2006	2006	
Irrevocable credit commitments	84,455	8,480	4,968	6,915	9,844	6,067	120,729	
Guarantees, standby letters of credit and similar arrangements*	31,098	6,231	1,577	1,417	857	1,222	42,402	
Securities lending indemnifications	42,173	–	–	–	–	–	42,173	
Other commercial commitments	–	–	–	15	–	326	341	
Total	157,726	14,711	6,545	8,347	10,701	7,615	205,645	

* Consists almost entirely of contingent liabilities (€ 36.7 billion), commitments to extend guarantees and letters of credit (€ 3.2 billion) and issued letters of credit (€ 2.1 billion).

The significant obligations in the above tables of contractual financial obligations and commercial commitments are included in our overall assessment of liquidity risk.

Operational Risk

The banking industry, in ongoing dialogue with the Basel Committee on Banking Supervision achieved important milestones in 2001 in developing the new Regulatory Operational Risk Framework, although the discussions with the regulators concerning the capital guidelines have not yet ended. On the basis of the regulatory discussion we define operational risks as the potential for incurring losses in relation to staff, technology, projects, assets, customer relationships, other third parties or regulators, such as through unmanageable events, business disruption, inadequately defined or failed processes or control/system failure. This definition includes, among others, legal and regulatory risk.

We expect that developing guidelines, standards, tools and methodologies to measure and protect against operational risk will be a major challenge to the banking sector in the coming years. This is especially true in view of the new capital adequacy regulations currently under discussion, which will come into force in 2005 and which will impose a capital charge for operational risks. We expect that the new regulatory framework will contain qualitative demands regarding a bank's organization and

risk management as well as quantitative directives for risk recognition and risk measurement. We are already working towards fulfilling what we expect are likely to be the new requirements.

Managing our Operational Risk

We have begun to implement a framework for monitoring our operational risks on a global basis. A Group Operational Risk Guideline defines roles and responsibilities for managing and reporting operational risk. Divisional Guidelines supplemented this Group Guideline. Responsibility for operational risk management essentially lies with our Corporate Divisions. They decide in what form and on what scale they accept, control or reduce risk. The Corporate Divisions also decide what form of risk prevention measures are necessary. We have integrated operational risk – parallel to the existing functions for credit and market risks – into our risk management function, which is independent of the Corporate Divisions. We are implementing three different systems for the management of operational risks:

- We perform operational risk “self-assessments” using our db-RiskMap tool. This results in a specific operational risk profile for business lines, service functions and the Corporate Center.
- We collect losses arising from operational risk events in our db-Incident Reporting System database.

-
- We capture and monitor qualitative and quantitative risk indicators in our tool db-Score.

These systems help to give an overview of our current operational risk profiles and to define risk management measures and priorities. We monitor the status of implementation in a tracking tool, which forms the basis for quarterly review by the Operational Risk Committee.

Our Group Chief Risk Officer has appointed a Chief Risk Officer Operational Risk with Group-wide responsibility. He is represented on the Group Risk Committee and is Chairman of the Operational Risk Committee. This committee, whose members include the divisional Operational Risk Officers and representatives of Service Functions and Corporate Center such as Audit, Controlling, Human Resources, Legal, Tax and Compliance, develops and implements our internal guidelines for managing operational risk. In 2001 we have created an independent Operational Risk function within each of our Group Divisions Corporate and Investment Bank and Private Clients and Asset Management, headed by the divisional Operational Risk Officers. The Operational Risk Officers established divisional Operational Risk Committees which meet on a monthly basis.

We seek to minimize operational risk associated with our communication, information and settlement systems through the development of back-up systems and emergency plans. We engage in regular employee training, operating instructions and inspections to help limit operational defects or mistakes. Where appropriate, we purchase insurance against operational risks.

The introduction of the euro has posed special operational risks. In 2001, we prepared for the final phase of the euro's introduction, including distribution of euro notes and coins. In addition, the project comprised final conversion of accounts and adaptation of our information technology systems. We incurred costs of € 161 million in 2001 in connection with this last phase of the euro conversion.

Insurance-Specific Risks

We have put in place instruments to monitor and manage the risks specific to our insurance business, which is focused on life insurance products. The risks specific to life insurance are:

- the "accidental risk" that we will have to pay higher benefits for policyholders than we expected, and
- the risk that we will not recognize changes in basic conditions or in the behavior of policyholders promptly enough to adjust our premiums or the terms on which we write insurance policies or for which we are otherwise unable to adjust premiums or terms.

Insurance companies like ours are also subject to general underwriting and pricing risks. Our insurance businesses have developed underwriting guidelines for the assumption of risks appropriate to the local markets in which they operate. We continuously monitor compliance with the underwriting guidelines.

Our insurance businesses are exposed to a risk that the price they charge for an insurance product may be inadequate to cover the expenses we incur to cover future obligations arising from that product. When we calculate our premiums, we take into consideration assumptions as to future investment returns, expenses, persistency, mortality, morbidity and taxes, where appropriate.

We take into account the long-term nature of most of the liabilities from our life insurance business by matching assets and liabilities and suitable cash flows from our investment portfolio to limit the liquidity risk we face.

In the normal course of business, we, like other insurance companies, seek to limit losses, minimize exposure to large risks, provide additional capacity for future growth and effect business sharing arrangements by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers. When our insurance businesses enter reinsurance arrangements they are not discharged from legal responsibility as the primary insurer. We estimate amounts recoverable from reinsurers in a manner consistent with the liability associated with the reinsured policies.

Regulatory Risk Reporting

The following table shows the development of our risk position, capital and reserves and capital adequacy ratios for the companies we consolidate for the purposes of our regulatory risk reporting. We calculate these figures in compliance with BIS guidelines and the related guidance of the German Banking Supervisory Authority.

in € m.	31.12.2001	31.12.2000**
Risk-weighted positions	297,063	291,951
Market risk equivalent*	8,016	7,928
Risk position	305,079	299,879
Core capital (Tier I)	24,803	23,504
Supplementary capital (Tier II)	12,255	15,839
Available Tier III capital	0	0
Total capital	37,058	39,343
Core capital ratio (Tier I)	8.1 %	7.8 %
Capital ratio (Tier I + II + III)	12.1 %	13.1 %

* A multiple of our value-at-risk, calculated with a probability level of 99 % and a ten-day holding period.

** Restated according to U.S. GAAP and unaudited.

Overall Risk Position

On December 31, 2001, our economic capital totaled € 20.9 billion, compared to € 15.7 billion as at December 31, 2000, taking into account cross-divisional diversification effects of the credit portfolio. This does not include liquidity risk and the risk at our insurance companies or the industrial holdings of DB Investor. The following table allocates our economic capital as at December 31, 2001 among these risks. The overall increase is largely driven by the inclusion of additional positions in the alternative assets' risk calculation (part of market risk) and the general worsening of the market environment for this risk class. Moreover, the methodology for operational risk and business risk has been refined leading to an increase in business risk and a slight decrease in operational risk.

Economic Capital

in € m.	31.12.2001
Credit risks	9,064
Market risks	7,257
Operational risks	2,538
Business risks	2,026
Total	20,885

Statement by the Board of Managing Directors

The Board of Managing Directors of Deutsche Bank AG is responsible for the Consolidated Financial Statements. They have been prepared in accordance with the U.S. Generally Accepted Accounting Principles and thus fulfil the conditions of § 292a German Commercial Code for exemption from preparation of consolidated financial statements in accordance with German commercial law. In addition, the disclosure requirements of the European Union are satisfied.

The responsibility for correct accounting requires an efficient internal management and control system and a functioning audit apparatus. Deutsche Bank's internal control system is based on written communication of policies and procedures governing structural and procedural organization, enlarged risk controlling for default and market risks as well as the segregation of duties. It covers all business trans-

actions, assets and records. Deutsche Bank's audit is carried out in accordance with the extensive audit plans covering all divisions of the Group and also including compliance with the organizational terms of reference.

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft audited the Consolidated Financial Statements in accordance with German auditing regulations, and in supplementary compliance with United States Generally Accepted Auditing Standards and issued an unqualified opinion. KPMG Deutsche Treuhand-Gesellschaft and the Audit Department of Deutsche Bank had free access to all documents needed in the course of their audits for an evaluation of the Consolidated Financial Statements and for an assessment of the appropriateness of the internal control system.

Frankfurt am Main, March 5, 2002

Deutsche Bank AG



Josef Ackermann



Clemens Börsig



Rolf-E. Bräuer



Tessen von Heydebreck



Hermann-Josef Lamberti

Report of the Supervisory Board

The Supervisory Board held extensive discussions at its four meetings last year on the bank's business situation and strategy and the development of its Group Divisions as well as on current events and fundamental policy issues.

Alongside the Annual Financial Statements for 2000 and planning for the financial year 2001, discussions concentrated on the formation and tasks of the Group Divisions Corporate and Investment Bank (CIB), Private Clients and Asset Management (PCAM), and Corporate Investments (CI).

The Supervisory Board also discussed changes in the bank's portfolio of holdings. The relevant proposals of the Board of Managing Directors were closely examined and approved, where required by German law or the Articles of Association.

The general economic situation was also the subject of regular and thorough discussion, particularly with regard to its effects on the bank. Talks centered on the global interest rate and currency situation, the change of the stock and bond markets, as well as the development of important economies in the Triad and in selected emerging markets. The work of the Supervisory Board Committees was regularly presented at each subsequent meeting of the entire Supervisory Board.

The Supervisory Board and its Committees were informed regularly by the Board of Managing Directors without delay and comprehensively on all of the important issues of business development, strategy, earnings and risk situation, risk management and risk controlling as well as staff development and principles of human resources policies – also with regard to senior executives (Group Board Management Committee). Furthermore, individual topics of current interest were also dealt with in regular discussions between the Spokesman of the Board of Managing Directors and the Chairman of the Supervisory Board.

In the course of its six meetings, the Credit and Market Risk Committee discussed in due time all commitments subject to mandatory approval under German law and the Articles of Association, and all major loans and loans entailing high risks. Where necessary, the Committee gave its approval. Apart from credit, market, country and liquidity risks, the Committee also reviewed operational risks. Global industry portfolios were presented and discussed at length. In particular, the Committee investigated the influence of the events of September 11 on the bank's various risk categories. The Committee also obtained information on the Group Division Corporate Investments, including an overview of its portfolio, organizational structure and internal authorization procedures.

The Chairman's Committee met four times and the Audit Committee met twice in the period under review. The Mediation Committee, established pursuant to the regulations of the Co-Determination Act, was not convened in 2001.



Hilmar Kopper
Chairman of the Supervisory Board

At its meeting on January 31, 2001, the Supervisory Board discussed the development of the bank's business in 2000 as well as the business plans for 2001. The Board of Managing Directors reported on the new organizational structure providing for an alignment of the bank into the Group Divisions Corporate and Investment Bank (CIB), Private Clients and Asset Management (PCAM) and Corporate Investments (CI). Furthermore, the Supervisory Board resolved to extend the appointments to the Board of Managing Directors of Dr. Josef Ackermann and Carl L. von Boehm-Bezing.

At its meeting on March 28, the Annual Financial Statements of Deutsche Bank AG for 2000 were approved and thus established. The Consolidated Financial Statements and Management Report were also approved. The same applied to the Report of the Supervisory Board. The agenda for the General Meeting in 2001 was approved. Furthermore, the Supervisory Board gave its approval to the Corporate Governance Principles of the bank. The Group's risk situation was presented. The Supervisory Board resolved to comply with Carl L. von Boehm-Bezing's wish to allow his appointment to expire early with effect from the General Meeting in 2001. Jürgen-Hinrich Fitschen was appointed full member of the Board of Managing Directors of the bank with immediate effect for a period of five years until March 27, 2006.

On July 31, the Supervisory Board was informed of the development of business in the first half of 2001 and of the structure and work in Controlling. A resolution was taken to rename the "Bilanzausschuss" as "Prüfungsausschuss" (Audit Committee).

At its last meeting of the year on October 31, reports were given on the development of the Group's business in the first nine months of the year and on the planned activities in the Group Division PCAM. Furthermore, the merger of Eurohypo AG with the mortgage bank subsidiaries of Dresdner Bank AG and Commerzbank AG were discussed extensively, along with the acquisition of Scudder Investments and the sale of Deutscher Herold Group and Deutsche Bank Offshore Group. The corresponding resolutions of the Supervisory Board were subsequently taken in writing. A new version of the Terms of Reference for the Supervisory Board was resolved. Approval was given to issue option rights to shares of the bank to active staff of Deutsche Bank Group (Global Share 2001).

All of the members of the Supervisory Board participated in more than half of the Supervisory Board meetings taking place during the period of their membership for the year 2001.

Representatives of the bank's auditor attended the Financial Statements Meetings of the Supervisory Board, the Audit Committee and the Credit and Market Risk Committee and commented on questions raised. The Audit Committee convinced itself of the independence of the auditor.

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, the auditor of the Annual Financial Statements elected at last year's General Meeting, has audited the accounting, the Annual Financial State-

ments for 2001 and the Management Report as well as the Consolidated Financial Statements and the Notes, and issued an unqualified opinion. The relevant reports of the auditor were given to the Supervisory Board for inspection. The Supervisory Board agrees with the results of this audit.

The Annual Financial Statements, prepared by the Board of Managing Directors, have been approved by the Supervisory Board today and are thus established. The Supervisory Board agrees with the proposed appropriation of profits.

All of the members of the Supervisory Board have undertaken to voluntarily comply with the Corporate Governance Principles of the bank issued during the preceding year to avoid conflicts of interest. The members of the Supervisory Board took note of the Report on Corporate Governance submitted by the Board of Managing Directors.

With effect from June 30, 2001, Dr. Klaus Liesen and Dr. Hermann Scholl resigned from the Supervisory Board to avoid possible conflicts of interest due to their concurrent mandates on the Supervisory Board of Allianz AG following its takeover of Dresdner Bank AG. The court appointed Tilman Todenhöfer, Deputy Chairman of the Board of Management of Robert Bosch GmbH, with effect from July 16, 2001, and Sir Peter Job, former Chief Executive Officer of Reuters Group, with effect from October 2, 2001, as successors. Gerhard Renner resigned from the Supervisory Board with effect from the General Meeting in 2001. The District Court of Frankfurt am Main appointed Gerald Herrmann, Federal Executive Secretary of Unified Services Union, as his successor with effect from June 8, 2001. Heinz Brülls resigned his mandate with effect from December 31, 2001. As his successor, Peter Kazmierczak, his substitute member, was appointed to the Supervisory Board with effect from January 1, 2002.

The Supervisory Board is indebted to Dr. Liesen, Dr. Scholl, Mr. Renner and Mr. Brülls for their loyal support and commitment.

The Supervisory Board would like to thank the Board of Managing Directors and the bank's employees for their great personal dedication.

Frankfurt am Main, March 22, 2002

The Supervisory Board



Hilmar Kopper, Chairman

Supervisory Board

Supervisory Board

Hilmar Kopper

Chairman,
Frankfurt am Main

Heidrun Förster*

Deputy Chairperson
Deutsche Bank 24 AG, Berlin

Dr. rer. oec. Karl-Hermann Baumann

Chairman of the Supervisory Board
of Siemens Aktiengesellschaft, Munich

Heinz Brülls*

Deutsche Bank AG, Aachen,
until December 31, 2001

Dr. Ulrich Cartellieri

Frankfurt am Main

Klaus Funk*

Deutsche Bank 24 AG,
Frankfurt am Main

Gerald Herrmann*

Federal Executive Secretary
of Unified Services Union, Berlin,
from June 8, 2001

Sabine Horn*

Deutsche Bank AG,
Frankfurt am Main

Sir Peter Job

London, from October 2, 2001

Prof. Dr. Henning Kagermann

Co-Chairman and CEO
of SAP AG,
Walldorf/Baden

Ulrich Kaufmann*

Deutsche Bank AG, Düsseldorf

Peter Kazmierczak*

Deutsche Bank AG, Essen,
from January 1, 2002

Adolf Kracht

Consultant, Munich

Professor Dr.-Ing. E. h.

Berthold Leibinger

Chairman of the Board of Management
of TRUMPF GmbH + Co. KG, Ditzingen

Dr. Klaus Liesen

Chairman of the Supervisory Board
of Ruhrgas AG, Essen, until June 30, 2001

Margret Mönig-Raane*

Vice President of
Unified Services Union, Berlin

Dr. Michael Otto

Chairman of the Board of Management
of Otto-Versand (GmbH & Co.), Hamburg

Gerhard Renner*

Member of the Board of DAW AG,
Managing Director of the Asset
Management of DAG GmbH, Hamburg,
until May 17, 2001

Dr. Hermann Scholl

Chairman of the Board of Management
of Robert Bosch GmbH, Stuttgart,
until June 30, 2001

Klaus Schwedler*

GTG Gesellschaft für Technisches
Gebäudemanagement mbH, Eschborn

Tilman Todenhöfer

Deputy Chairman of the Board of
Management of Robert Bosch GmbH,
Stuttgart, from July 16, 2001

Michael Freiherr Truchseß von Wetzhausen*

Deutsche Bank AG, Frankfurt am Main

Lothar Wacker*

Deutsche Bank AG, Cologne

Dipl.-Ing. Albrecht Woeste

Chairman of the Supervisory Board
and the Shareholders' Committee
of Henkel KGaA, Düsseldorf

Committees

Chairman's Committee

Hilmar Kopper
– Chairman
Heidrun Förster*
– Deputy Chairperson
Dr. Ulrich Cartellieri
Lothar Wacker*

Mediation Committee

Hilmar Kopper
– Chairman
Heidrun Förster*
– Deputy Chairperson
Dr. Ulrich Cartellieri
Ulrich Kaufmann*, from July 31, 2001
Gerhard Renner*, until May 17, 2001

Audit Committee

Hilmar Kopper
– Chairman
Heidrun Förster*
– Deputy Chairperson
Dr. rer. oec. Karl-Hermann Baumann
Heinz Brülls*, until December 31, 2001
Dr. Ulrich Cartellieri
Sabine Horn*, from January 30, 2002
Michael Freiherr Truchseß
von Wetzhausen*

Credit and Market

Risk Committee

Hilmar Kopper
– Chairman
Dr. rer. oec. Karl-Hermann Baumann
Dr. Ulrich Cartellieri
Dr. Klaus Liesen, until June 30, 2001
Sir Peter Job, from January 30, 2002
– Substitute Member
Adolf Kracht
– Substitute Member

* elected by the staff

Advisory Board

Advisory Board

Dr. Mark Wössner

Chairman
Munich

Dipl.-Volkswirt Dr. h. c. Tyll Necker

Deputy Chairman
President of Hako-Werke GmbH & Co.,
Bad Oldesloe
† March 28, 2001

Ulrich Hartmann

Deputy Chairman
from November 1, 2001,
Chairman of the Board of
Managing Directors
of E.ON AG, Düsseldorf

Carl L. von Boehm-Bezing

Frankfurt am Main, from May 28, 2001

Sir John Craven

London
until March 12, 2002

Dr. jur. Walter Deuss

KarstadtQuelle AG, Essen

Michael Dobson

Frankfurt am Main

Dr. Karl-Gerhard Eick

Member of the Executive Board
of Deutsche Telekom AG, Bonn

Dr. Michael Endres

Frankfurt am Main

Dr. Karl-Ludwig Kley

Member of the Executive Board
of Deutsche Lufthansa AG, Cologne

Max Dietrich Kley

Member of the Board
of Executive Directors
of BASF Aktiengesellschaft,
Ludwigshafen

Dr. Jürgen Krumnow

Frankfurt am Main

Georg Krupp

Frankfurt am Main

Francis Mer

Président Directeur Général
UNISOR, Paris

Heinz-Joachim Neubürger

Member of the Management Board
of Siemens Aktiengesellschaft,
Munich, until May 11, 2001

August Oetker

General Partner
of Dr. August Oetker, Bielefeld

Eckhard Pfeiffer

Houston

Dr. techn. h. c. Dipl.-Ing. ETH**Ferdinand Piëch**

Chairman of the Board of Management
of Volkswagen AG, Wolfsburg

Dr. rer. pol. Michael Rogowski

Chairman of the Supervisory Board
of J. M. Voith AG, Heidenheim
from June 1, 2001

Dr. rer. pol. Dipl.-Kfm.**Gerhard Rüschen**

Bad Soden am Taunus

Dr. Ronaldo H. Schmitz

Frankfurt am Main

Jürgen E. Schrepp

Chairman of the Board of Management
of DaimlerChrysler AG, Stuttgart

Dipl.-Ing. Hans Peter Stihl

Chairman of the Board and
Chief Executive Officer
of Andreas Stihl, Waiblingen

Dr. Frank Trömel

Deputy Chairman of the
Supervisory Board
of DELTON Aktiengesellschaft
für Beteiligungen,
Bad Homburg vor der Höhe

Marcus Wallenberg

Executive Vice President
INVESTOR AB, Stockholm

Dr. Ulrich Weiss

Frankfurt am Main

Werner Wenning

Member of the Board of Management
of Bayer AG, Leverkusen

Dr. Jürgen Zech

Gerling Group, Cologne

Board of Managing Directors

Board of Managing Directors

Josef Ackermann

Carl L. von Boehm-Bezing

(until May 17, 2001)

Clemens Börsig

Rolf-E. Breuer

(Spokesman)

Thomas R. Fischer

(until January 30, 2002)

Jürgen Fitschen

(from March 28, 2001 until January 30, 2002)

Tessen von Heydebreck

Hermann-Josef Lamberti

Michael Philipp

(until January 30, 2002)

Group Five-Year Record Figures according to U.S. GAAP

in € m.					
Balance Sheet	2001	2000	1999	1998⁽¹⁾	1997⁽¹⁾
Total Assets	918,222	928,994	875,789	652,269	543,448
Loans, net	259,838	274,660	254,173	218,160	199,019
Deposits	374,089	350,552	331,872	260,460	227,816
Long-term debt	166,908	154,484	131,964	92,785	80,859
Common shares	1,591	1,578	1,573	1,363	1,359
Total shareholders' equity	40,193	43,683	32,351	27,215	22,701
BIS core capital ⁽²⁾	24,803	23,504	17,338	15,979	12,177
BIS total capital ⁽²⁾	37,058	39,343	35,172	29,343	24,692
Income Statement	2001	2000	1999	1998⁽¹⁾	1997⁽¹⁾
Net interest revenues	8,620	7,028	7,994	6,235	6,440
Provision for loan losses	1,024	478	725	908	856
Commissions and fee income	10,727	11,693	7,967	5,514	4,807
Trading revenues, net	6,031	7,625	2,127	262	1,438
Other noninterest revenues	4,243	8,133	6,944	5,192	5,159
Total net revenues	28,597	34,001	24,307	16,295	16,988
Compensation and benefits	13,360	13,526	9,655	6,557	9,648
Goodwill amortization	951	771	486	189	191
Restructuring activities	294	125	459	289	–
Other noninterest expenses	12,189	12,710	11,356	8,735	4,473
Total noninterest expenses	26,794	27,132	21,956	15,770	14,312
Income before income tax expense (benefit) and cumulative effect of accounting changes	1,803	6,869	2,351	525	2,676
Income tax expense	434	2,643	1,689	240	1,474
Income tax expense (benefit) from the change in effective tax rate and the reversing effect	995	(9,287)	(951)	–	–
Cumulative effect of accounting changes, net of tax	(207)	–	–	–	–
Net income	167	13,513	1,613	285	1,202
Key Figures	2001	2000	1999	1998	1997
Basic earnings per share	€ 0.27	€ 22.00	€ 2.76	€ 0.54	€ 2.33
Diluted earnings per share	€ 0.27	€ 21.72	€ 2.74	€ 0.54	€ 2.33
Dividends paid per share	€ 1.30	€ 1.15	€ 1.12	€ 0.92	€ 0.92
Return on average total shareholders' equity (RoE)	0.40 %	39.16 %	5.51 %	1.34 %	–
Return on adjusted average total shareholders' equity ⁽³⁾	0.53 %	52.80 %	7.98 %	2.32 %	–
Cost/income ratio	90.5 %	78.7 %	87.7 %	91.7 %	80.2 %
Price/earnings ratio	294.07	4.12	30.56	90.31	–
BIS core capital ratio (Tier I) ⁽²⁾	8.1 %	7.8 %	5.9 %	6.3 %	5.2 %
BIS capital ratio (Tier I + II + III) ⁽²⁾	12.1 %	13.1 %	12.0 %	11.5 %	10.6 %
Employees	94,782	98,311	93,232	75,306	76,141

⁽¹⁾ Amounts in this column are unaudited. We have restated in euro the amounts we originally reported in Deutsche Mark, using the fixed conversion rate of DM 1.95583 per euro.

⁽²⁾ For 2001 and 2000 on the basis of U.S. GAAP, for 1999, and 1998 on the basis of IAS, for 1997 on the basis of the German Commercial Code.

⁽³⁾ We calculate an adjusted measure of our Return on Equity (RoE) to make it easier to compare us to our competitors. We refer to this adjusted measure as our "Active Equity". However, this is not a measure of performance under U.S. GAAP and you should not compare our ratio to other companies' ratios without considering the differences in calculation of the ratios. The principal item for which we adjust our ratio is the aggregate unrealized gains and losses (including tax effect) in our large portfolio of shareholdings in publicly listed industrial companies. We include realized gains and losses (net of tax effect) in "Active Equity" from the time those shareholdings are sold and the related gains are employed by our businesses.

Declaration of Backing

For the following companies, Deutsche Bank AG ensures, except in the case of

political risk, that they are able to meet their contractual liabilities:

Declaration of Backing*

DB Investments (GB) Limited, London	Deutsche Bank S.A. – Banco Alemão, São Paulo	Deutsche Securities Asia Limited, Hong Kong
Deutsche Asset Management Europe GmbH, Frankfurt am Main (formerly: Deutsche Fonds Holding GmbH)	Deutsche Bank S.A./N.V., Antwerp (business domicile Brussels)	DWS Investment GmbH, Frankfurt am Main (formerly: DWS Deutsche Gesellschaft für Wertpapiersparen mbH)
Deutsche Asset Management International GmbH, Frankfurt am Main (formerly: Deutsche Asset Management GmbH)	Deutsche Bank Saar Aktiengesellschaft, Saarbrücken	DWS Investment S.A., Luxembourg (formerly: DB Investment Management S.A.)
Deutsche Asset Management Investmentgesellschaft mbH vormals DEGEF Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main	Deutsche Bank, Sociedad Anónima Española, Barcelona	Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Hamburg
Deutsche Australia Limited, Melbourne	Deutsche Bank Società per Azioni, Milan	
Deutsche Bank Americas Holding Corp., New York/U.S.A. (formerly: Deutsche Bank North America Holding Corp.)	Deutsche Bank (Suisse) S.A., Geneva	
Deutsche Bank Lübeck Aktiengesellschaft vormals Handelsbank, Lübeck	Deutsche Bank Trust Aktiengesellschaft Private Banking, Frankfurt am Main	
Deutsche Bank Luxembourg S.A., Luxembourg	Deutsche – Equities S.A., Paris (formerly: Deutsche Morgan Grenfell – Equities S.A.)	
Deutsche Bank (Malaysia) Berhad, Kuala Lumpur	Deutsche Futures London Limited, London (formerly: Deutsche Morgan Grenfell Futures Limited)	
Deutsche Bank OOO, Moscow	Deutsche Futures Singapore Pte Ltd., Singapore (formerly: Deutsche Morgan Grenfell Futures Pte Ltd.)	
Deutsche Bank Polska S.A., Warsaw	Deutsche Grundbesitz-Investmentgesellschaft mbH, Eschborn	
Deutsche Bank (Portugal), S.A., Lisbon (formerly: Deutsche Bank de Investimento, S.A.)	Deutsche Grundbesitz Management GmbH, Eschborn	
Deutsche Bank Rt., Budapest	Deutsche Morgan Grenfell Group plc, London	
Deutsche Bank S.A., Buenos Aires	Deutsche Securities Limited, Hong Kong (formerly: Deutsche Morgan Grenfell Capital Markets Limited)	

* Companies with which a profit and loss transfer agreement exists are marked in the List of Shareholdings.

SECTION III: RECENT DEVELOPMENTS IN THE ISSUER'S BUSINESS

RECENT DEVELOPMENTS IN THE ISSUER'S BUSINESS

1. Material Adverse Change

Save as disclosed in this document, there has been no material adverse change in the financial position of the Issuer since the end of the last financial period for which annual financial statements have been published that would affect the ability of the Issuer to perform its obligations under the Securities.

2. Litigation

Save as disclosed in this document, there are no legal or arbitration proceedings involving the Issuer or its affiliates that could have, or during the last two financial years have had, a material impact on the ability of the Issuer to perform its obligations under the Securities.

3. Credit Rating

The current long term debt of Deutsche Bank AG is rated Aa3 by Moody's Investors Services and AA by Standard & Poor's Corporation, Fitch and IBCA.

4. Supervisory Board

The current composition of the Supervisory Board of Deutsche Bank AG is set out on page III – 2.

5. Board of Managing Directors

The current composition of the Board of Managing Directors of Deutsche Bank AG is set out on page III – 3.

6. Outlook

The current outlook of Deutsche Bank AG is shown on page II – 57 and in this chapter under the heading " 7. Current Interim Financial Statement ".

Supervisory Board

Supervisory Board

Dr. Rolf E. Breuer

Chairman,
Frankfurt am Main

Professor Dr.-Ing. E. h.

Berthold Leibinger

Heidrun Förster*

Deputy Chairperson

Dr. rer. oec. Karl-Hermann Baumann

Margret Mönig-Raane*

Dr. Michael Otto

Dr. Ulrich Cartellieri

Klaus Funk*

Gerald Herrmann*

Sabine Horn*

Klaus Schwedler*

Sir Peter Job

Tilman Todenhöfer

Prof. Dr. Henning Kagermann

**Michael Freiherr Truchseß
von Wetzhausen***

Ulrich Kaufmann*

Lothar Wacker*

Peter Kazmierczak*

Dipl.-Ing. Albrecht Woeste

Adolf Kracht

* elected by the staff

Board of Managing Directors in the reporting year

Board of Managing Directors in the reporting year

Josef Ackermann (Spokesman)

Tessen von Heydebreck

Hermann-Josef Lamberti

Clemens Börsig

7. Current Interim Financial Statement

The current Interim Financial Statements of Deutsche Bank AG are dated as at 30 September, 2002 and are reproduced on the following pages. Copies of the current Interim Report dated as at 30 September, 2002 are available free of charge at the specified office of each Agent.

Results 2002 Interim Report as of September 30



Deutsche Bank The Group at a glance

	Nine months ended	
	Sep 30, 2002	Sep 30, 2001
Share price high	€ 82.65	€ 105.70
Share price low	€ 46.05	€ 43.20
Basic earnings per share	€ 0.81	€ 1.95
Modified basic earnings per share ¹	€ 5.09	€ 4.58
Return on average total shareholders' equity ²	1.7 %	5.5 %
Adjusted return on average active equity ^{1,3}	13.3 %	12.5 %
Cost/income ratio ⁴	76.7 %	82.6 %
Adjusted cost/income ratio ⁵	73.9 %	82.6 %
	€ m.	€ m.
Total revenues	21,148	23,005
Provision for loan losses	1,611	468
Total noninterest expenses	16,225	19,621
Income before income tax expense and effects of accounting and tax rate changes	3,312	2,916
Income after income tax expense and before effects of accounting and tax rate changes	3,168	2,237
Net income	502	1,211
	Sep 30, 2002	Dec 31, 2001
	€ m.	€ m.
Total assets	831,446	918,222
Loans, net	187,433	259,838
Shareholders' equity	32,142	40,193
BIS capital ratio	12.0 %	12.1 %
BIS core capital ratio	8.9 %	8.1 %
	Number	Number
Branches	1,804	2,099
Employees (full time equivalents)	81,976	86,524
Long-term rating		
Moody's Investors Service, New York	Aa3	Aa3
Standard & Poor's, New York	AA-	AA
Fitch IBCA, London	AA-	AA
<p>¹ Net income used to calculate modified basic earnings per share is adjusted for the reversal of the credit recorded under U.S. GAAP for the change in German tax rates, for the effect of accounting changes, and in 2001, adjusted for amortization of goodwill and other intangible assets.</p> <p>² Net income in 2001 is adjusted for amortization of goodwill and other intangible assets.</p> <p>³ We calculate an adjusted measure of our return on equity to make it easier to compare us to our competitors. We refer to this adjusted measure as our "active equity". However, this is not a measure of performance under U.S. GAAP and you should not compare our ratio to other companies' ratios without considering the differences in calculation of the ratios. The principal items for which we adjust our ratio are the aggregate unrealized gains and losses in our portfolio of shareholdings in publicly-listed industrial companies and the related tax effect. We include realized gains and losses and the related tax effect in "active equity" from the time the shareholdings are sold and the related gains are employed by our businesses.</p> <p>⁴ Total noninterest expenses as a percentage of net interest revenues before provision for loan losses, plus noninterest revenues, and in 2001, adjusted for amortization of goodwill and other intangible assets.</p> <p>⁵ Total noninterest expenses (excluding amortization of goodwill and other intangible assets and restructuring activities) as a percentage of net interest revenues before provision for loan losses, plus noninterest revenues (excluding amortization of negative goodwill).</p>		

Ladies and gentlemen,

In our last Interim Report I expressed a rather skeptical view on the world's financial markets and economies. We expected, and prepared ourselves for, a continuously challenging operating environment. Unfortunately, reality proved us right: global economic growth is suffering again and sentiment has clearly deteriorated on both sides of the Atlantic. Defaults are rising in number while recovery rates have fallen. Investors' confidence in the integrity of stock markets and their participants is still at a very low level, and a threat of war in the Middle East further increases the risk to the world economy.

To make matters worse, these conditions drove down stock markets around the globe. In the twelve months ending September 30, the S&P 500 and the FTSE 100 fell by 22 %, the DAX by 35 %. However, Deutsche Bank shares, although pulled down like most other German stocks, held up relatively well, declining only 19 % in the same period. By showing a better share price performance than quite a few of our international competitors we moved up in ranking by market capitalization from 34th place a year ago to 23rd at the end of the third quarter.

The difficult environment with depressed primary and secondary financial markets has impacted directly and indirectly on Deutsche Bank's results in the third quarter. The underlying pre-tax profit was € 74 million which clearly didn't satisfy us. Compared with the third quarter of 2001 it was driven by an 11 % decline in underlying revenues, reflecting the challenging market conditions, and higher loan-loss provisions, mirroring the deteriorating credit environment. We also used the third quarter to further enhance the quality of our balance sheet. As a result of our improved risk management processes we have changed the measure for calculating our other inherent loss allowance. Furthermore we have taken another loss from our equity holding in Gerling, the insurance group. All this leads to a reported pre-tax loss of € 181 million in the third quarter. For the first nine months of 2002, however, the pre-tax profit of € 3.3 billion is still 14 % ahead of the same period last year which is partly due to the reduction of our cost base by € 1.9 billion.

We also continued to make progress on our four key strategic initiatives which we initiated with hindsight, just at the right time and which we consider decisive for our success. Let me give you a brief update on the progress made so far:

– Focus on current earnings:

Despite the tough times we are on track with regard to profitability. While in the first nine months of 2002 revenues declined by 8 %, we were able to reduce our operating cost base by 11 %. In achieving our cost saving target of € 2 billion per annum we are ahead of plan. A major element of this program is the reduction of our workforce by up

to 14,500 by the end of 2003. To this end, approximately 10,000 employees have already left or will do so shortly.

– Further improvement of capital and balance sheet management:

In our target of further reducing risk-weighted assets and our loan book, we made considerable progress in the reporting period, one important step being the deconsolidation of Eurohypo. Compared with the end of last year, risk-weighted assets came down by 12 %, loans outstanding by 28 %. The share buy-back program launched in June was continued in the third quarter. As of the end of September roughly 36 % of the authorized volume had been bought back. We are managing our strong capital base very carefully and are committed to maintaining a BIS Tier I capital ratio at the upper end of 8–9 %.

– Focus on core businesses:

As announced we continued our divestments of non-core businesses. In September we signed definitive agreements for the disposals of Deutsche Financial Services to GE Commercial Finance and our Passive Asset Management business to Northern Trust. We have also entered into exclusive negotiations with State Street Corporation on the sale of substantial parts of our Global Securities Services business, and with IBM on the outsourcing of our IT infrastructure in Continental Europe. Additional agreements on further outsourcing projects, e.g. real estate management, are well underway. These initiatives are designed to reduce our annual cost base by approximately € 1.4 billion, risk-weighted assets by almost € 10 billion and our headcount by approximately 8,000.

– Optimization of the PCAM franchise:

In October we began combining what had formerly been separately offered services for our private and business clients under a single management and the Deutsche Bank brand. Once completed, the new Corporate Division “Private & Business Clients” will serve attractive customer groups in line with their needs in our key markets of Germany, Italy and Spain, as well as in Belgium, Portugal, Poland and the Netherlands. With 12.6 million private and business customers throughout Europe, of whom 8.3 million are in our home market in Germany, Private & Business Clients has a very solid starting position. In addition, I can report that the integration of Scudder and Deutsche Asset Management in the U.S. is well ahead of our internal schedule.

In concluding I would like to stress that today Deutsche Bank owns a strong financial services platform with unique breadth and regional diversity. Last year, for instance, only 39 % of our total revenues were generated in Germany with the remaining 61 % coming from abroad. You may also rest assured that the senior management of Deutsche Bank is committed to aggressively, yet prudently, making those adjustments necessary to put Deutsche Bank in the strongest possible competitive position and to preserve the confidence in our franchise. By proactively addressing the nonperforming elements of our business portfolio, we are convinced that Deutsche Bank will weather the current storm

successfully. With the measures taken, as evidenced by the good results of our cost cutting and ongoing risk reduction, we are well positioned to benefit greatly from a market upturn.

With only two more months to go in the year, we are confident that we will be able to report a satisfying full-year 2002 result which will demonstrate the resilience of our business model even in this gloomy environment.

Yours sincerely,



Josef Ackermann
Spokesman of the Board of Managing Directors
Chairman of the Group Executive Committee

Frankfurt am Main, October 2002

Discussion of Results

Income (loss) before income tax expense (benefit) and effects of accounting and tax rate changes

Income (loss) before income tax expense (benefit) and effects of accounting and tax rate changes in the third quarter of 2002 was € (181) million, compared to € 2.2 billion in the second quarter of 2002 and € 363 million in the third quarter of 2001, a decline of € 2.4 billion and € 544 million, respectively. Lower revenues, higher provisions for credit losses and net loss from equity investments negatively impacted the results for the current quarter partly offset by reductions in noninterest expenses.

Income (loss) after income tax expense (benefit) and before effects of accounting and tax rate changes

Income (loss) after income tax expense (benefit) and before effects of accounting and tax rate changes in the third quarter of 2002 was € (169) million, compared to € 2.1 billion in the second quarter of 2002 and € 29 million in the third quarter of 2001, decreases of € 2.2 billion and € 198 million, respectively.

Net income (loss)

Net income (loss) in the third quarter of 2002 was € (299) million, compared to € 204 million in the second quarter of 2002 and € (5) million in the third quarter of 2001, decreases of € 503 million and € 294 million, respectively.

Net interest revenues

Net interest revenues totaled € 1.7 billion in the third quarter of 2002, compared to € 2.3 billion in the second quarter of 2002 and € 1.8 billion in the third quarter of 2001.

Under U.S. GAAP, trading-related interest (i.e. interest revenues and expenses on trading assets and liabilities) is reported in net interest revenues. The net interest cash flows from derivative transactions that do not qualify for hedge accounting treatment are included in trading revenues, net.

Had these transactions all qualified as hedges for accounting purposes, and excluding trading-related interest and funding costs, net interest revenues would have been € 1.1 billion in the third quarter of 2002 compared to € 1.5 billion in the second quarter of 2002, and € 1.6 billion in the third quarter of 2001.

The decrease compared to the second quarter of 2002 was due mainly to a decline in dividends on securities in the available for sale portfolio as the second quarter is generally the highest dividend-paying quarter. In addition, the merger of our mortgage bank subsidiary Eurohypo with the mortgage bank subsidiaries of Dresdner Bank AG and Commerzbank AG in the current quarter also contributed to the overall decrease. The resulting deconsolidation of Eurohypo from our financial statements also reduced our total assets by € 71 billion, of which loans were € 56 billion. Long-term debt was reduced by € 68 billion. We now own approximately 35 % of the newly-merged company, also called Eurohypo, and account for this investment under the equity method.

The decline compared to the third quarter of 2001 was primarily due to the sale in the second quarter of 2002 of most of our insurance business, the merger of our Eurohypo mortgage banking subsidiary in the third quarter of 2002 and lower dividends on securities in the available for sale portfolio.

Commissions and fee revenues were € 2.5 billion for the third quarter of 2002, compared to € 3.0 billion for the second quarter of 2002 and € 2.5 billion in the third quarter of 2001.

Commissions and fee revenues

The decrease compared to the second quarter was largely due to a decline of € 287 million, or 56 %, in underwriting and advisory fees as weakness continued in the equity and debt underwriting markets. In addition, brokerage fees decreased € 114 million as a result of lower transaction volumes in the third quarter.

A comparison of the third quarter of 2002 to the third quarter of 2001 shows an increase of € 170 million in commissions for assets under management, due mainly to the acquisition of the Scudder asset management business in the second quarter of 2002, which largely offset the declines in most other fee categories, especially in underwriting and advisory.

Insurance premiums declined by approximately 96 % compared to the third quarter of 2001 resulting from the sale of most of our insurance business, including our subsidiaries in Germany, Spain, Italy, and Portugal, to Zurich Financial Services. Most of this decline was offset by a decline in policyholder benefits and claims. We will continue to be the exclusive distributor of insurance products from our former subsidiaries to our clients in the respective countries.

Insurance premiums

Trading revenues, net for the third quarter of 2002 were € 904 million compared to € 1.0 billion in the second quarter of 2002 and € 2.0 billion in the third quarter of 2001.

Trading revenues, net

"Trading Performance" represents the reported trading revenues adjusted by adding trading-related net interest and by deducting interest cash flows on non-trading derivatives not qualifying for hedge accounting.

"Trading performance" for the third quarter of 2002 was € 1.5 billion compared to € 1.8 billion in the second quarter of 2002 and € 2.2 billion in the third quarter of 2001. Lower results from interest and credit trading contributed to the decline in the current quarter compared to the second quarter of 2002 and third quarter of 2001. Nevertheless, these results demonstrate the strength of our capital markets franchise which generated significant revenues in a difficult market environment.

Net gains on securities available for sale totaled € 36 million for the third quarter of 2002 compared to € 1.9 billion for the second quarter of 2002 and € 59 million in the third quarter of 2001.

Net gains on securities available for sale

The second quarter of 2002 included gains on the sale of our remaining holdings in Munich Re and, to a lesser extent, some of our holdings in Allianz. Slightly offsetting these gains in the second quarter were write-downs on certain available for sale securities due to other-than-temporary impairments.

Net loss from equity investments

Net loss from equity investments was € 266 million in the third quarter of 2002, compared to a net loss of € 334 million in the second quarter of 2002 and a net loss of € 36 million in the third quarter of 2001.

The loss in both the third quarter and second quarter of 2002 was primarily attributable to a single investment.

Other revenues

Other revenues totaled € 543 million in the third quarter of 2002, compared to € 184 million in the second quarter of 2002 and net negative revenues of € 386 million in the third quarter of 2001.

The current quarter included a net gain of € 390 million from the deemed sale of a partial interest of Eurohypo in the aforementioned merger.

The second quarter included a net gain of € 515 million on the disposal of most of our insurance subsidiaries, partially offset by write-downs on the value of a subsidiary held for sale and on other investments, including certain private equity investments.

The prior year quarter included net write-downs for other-than-temporary impairments on certain private equity investments.

Total provision for credit losses

The total provision for credit losses was € 790 million for the third quarter of 2002 compared to € 511 million for the second quarter of 2002 and € 114 million for the third quarter of 2001. The provision for credit losses is comprised of net new specific loan loss provisions as well as net provisions for smaller-balance standardized homogeneous exposures, net country risk provisions and net other inherent losses.

In the third quarter of 2002 the total provision for credit losses included € 753 million for on-balance sheet risk, which is reported in the provision for loan losses line, and € 37 million for off-balance sheet positions, which is recorded in the other expenses line.

The total provision for credit losses of € 790 million for the third quarter of 2002 is primarily due to provisions raised to address the downturn in the telecom industry and specific loan loss provisions for certain exposures within our German portfolio and the Americas.

Also, € 200 million of our third quarter provision for credit losses reflects a change in the measurement of our other inherent loss allowance. This change was made in order to make the provision more sensitive to the prevailing credit environment and less based on historical experience.

Included in our total provision for credit losses is a small provision for a € 0.7 billion collateralized nonaccrual loan to a German client. After the Bank took title to the collateral 26 % of it was sold for cash to a third party in early October 2002. The level of provision reflects the acquisition value of the collateral and the cash proceeds from the sale.

Compensation and benefits were € 2.9 billion for the third quarter of 2002, essentially unchanged compared to the second quarter of 2002 and the third quarter of 2001.

Compensation and benefits

Although the third quarter of 2002 was unchanged compared to both the second quarter of 2002 and the third quarter of 2001, there were various offsetting factors, including headcount reductions from the sale or merger of some of our businesses and restructuring activities and increased headcount from the integration of the Scudder asset management business. We expect further headcount reductions in 2002 as a result of previously announced restructuring and realignment initiatives. The third quarter of 2002 also reflects a net loss on hedges of share-based compensation expense.

Consistent with the decline in insurance premiums due to the sale of most of our insurance business to Zurich Financial Services, policyholder benefits and claims declined by approximately 96 % compared to the third quarter of 2001.

Policyholder benefits and claims

As of January 1, 2002 in accordance with SFAS 142, "Goodwill and Other Intangible Assets", goodwill is no longer amortized. The third quarter of 2001 included € 225 million of goodwill amortization.

Goodwill amortization

There were no restructuring charges in the third quarter of 2002 and the Bank does not envisage any further restructuring charges in 2002.

Restructuring activities

In the second quarter of 2002, the Group Board approved an additional restructuring plan of € 265 million related to the Corporate and Investment Banking (CIB) Division, which will be implemented by the end of the first half of 2003. This restructuring results from detailed business reviews and reflects our outlook for the markets in which we operate. It related to banking coverage, execution and relationship management processes; custody; trade finance and other transaction banking activities; and the related technology, settlement, real estate and other support functions. This plan affects approximately 1,970 staff across all grades. These reductions are in addition to the previously announced Group-wide figure of 9,200 employees and approximately 1,500 employees from the Scudder asset management business.

We have also identified further measures, in addition to those described above, which related to Private Clients and Asset Management (PCAM) and infrastructure areas. These will result in a further reduction of approximately 1,800 staff in Germany and Continental Europe. These measures follow the creation of an integrated Private and Business Clients unit, and the rationalization of our credit risk management processes. They are subject to negotiation and agreement with the relevant Workers Councils.

Headcount reductions for the aforementioned restructuring and realignment initiatives total 14,470.

There were no restructuring charges in the third quarter of 2001.

**Remainder of
noninterest expenses**

The remainder of noninterest expenses were € 1.9 billion in the third quarter of 2002, compared to € 2.1 billion in the second quarter of 2002 and € 2.3 billion in the third quarter of 2001. Most individual categories within the remainder of noninterest expenses decreased compared to both the second quarter of 2002 and the third quarter of 2001.

**Income tax expense
(benefit)**

In the third quarter of 2002, we recorded an income tax benefit of € 12 million. We recorded income tax expense of € 150 million in the second quarter of 2002 and € 334 million in the third quarter of 2001. The tax amounts in each quarter reflect various tax-exempt and non-tax deductible items such as the significant gains, losses and valuation adjustments related to equity securities and other investments.

**Reversal of the credit
recorded under
U.S. GAAP for the
change in German
tax rates**

The effects of German Tax Reform Legislation on the accounting for taxes are described in detail on pages 26 and 27 of this Interim Report.

Due to sales of eligible equity securities that had deferred tax provisions within other comprehensive income, we reversed € 130 million in the third quarter of 2002, € 1.9 billion in the second quarter of 2002 and € 34 million in the third quarter of 2001 previously recorded under U.S. GAAP for the change in German tax rates.

These reversals have no economic effect on our earnings, are non-cash items and do not reflect actual tax liabilities, as the gain on the sale of our eligible equity securities, including our industrial holdings, is not subject to any income taxes.

**Cumulative effect of
accounting changes,
net of tax**

Cumulative effect of accounting changes, net of tax represented the effects from the implementation of the new accounting standards SFAS 141 and 142 resulting in the recognition of income (net of tax) of € 37 million in the first quarter of 2002 from the required elimination of negative goodwill.

Segmental Results of Operations

The segmental results of operations are based on our internal management information systems and show the contribution of the individual group divisions and corporate divisions to the Group's results. For the reconciliation of the results of the segments to the consolidated Group, please refer to pages 33–35 of this Interim Report.

Corporate and Investment Bank					
in € m.	Three months ended			Nine months ended	
	Sep 30, 2002	Jun 30, 2002 ¹	Sep 30, 2001 ¹	Sep 30, 2002	Sep 30, 2001 ¹
Origination	132	324	64	529	625
Equity	68	226	(13)	240	250
Debt	64	98	77	289	375
Sales & Trading	1,830	2,097	2,394	6,396	7,753
Equity	620	656	760	2,005	3,196
Debt and other products	1,210	1,441	1,634	4,391	4,557
Advisory	123	130	106	373	431
Loan products	572	661	667	1,911	2,306
Transaction services	667	685	733	2,072	2,289
Other	(71)	(30)	(70)	(176)	(21)
Net revenues	3,253	3,867	3,894	11,105	13,383
Provision for loan losses	(643)	(504)	1	(1,316)	(157)
Provision for off-balance sheet positions	(38)	85	6	(79)	(101)
Provision for credit losses	(681)	(419)	7	(1,395)	(258)
Operating cost base ²	(2,810)	(2,840)	(3,141)	(8,687)	(10,313)
Income (loss) before nonoperating costs	(238)	608	760	1,023	2,812
Average active equity	16,262	16,464	17,964	16,262	18,619
Adjusted return on average active equity in % ³	(6)	15	17	8	20
Cost/income ratio in % ⁴	86	73	81	78	77

¹ Restated.

² Noninterest expenses excluding nonoperating costs (goodwill amortization, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

³ Income before nonoperating costs divided by average active equity. Regarding our definition of active equity, see footnote 3 on cover page of this Interim Report.

⁴ Operating cost base and policyholder benefits and claims divided by net revenues.

The Corporate and Investment Bank (CIB) continued to face difficult market conditions throughout the third quarter of 2002 resulting in a loss before nonoperating costs of € 238 million. Provision for credit losses in the third quarter of 2002 totaled € 681 million, which included € 200 million reflecting a change in the measurement of our other inherent loss allowance. This change was made in order to make the provision more sensitive to the prevailing credit environment and less based on historical experience. CIB's

Corporate and Investment Bank

Corporate Banking & Securities

operating cost base is continuing to show reductions resulting from measures taken to improve operating efficiency and to control discretionary spending. From a year to date perspective, these measures led to cost reductions which almost offset the decline in revenues which was driven by the very challenging market environment. As a consequence, the cost/income ratio was essentially unchanged year on year.

Corporate Banking & Securities					
in € m.	Three months ended			Nine months ended	
	Sep 30, 2002	Jun 30, 2002 ¹	Sep 30, 2001 ¹	Sep 30, 2002	Sep 30, 2001 ¹
Origination	132	324	64	529	625
Equity	68	226	(13)	240	250
Debt	64	98	77	289	375
Sales & Trading	1,830	2,097	2,394	6,396	7,753
Equity	620	656	760	2,005	3,196
Debt and other products	1,210	1,441	1,634	4,391	4,557
Advisory	123	130	106	373	431
Loan products	572	661	667	1,911	2,306
Other	(70)	(30)	(69)	(176)	(21)
Net revenues	2,587	3,182	3,162	9,033	11,094
Provision for loan losses	(629)	(521)	1	(1,324)	(159)
Provision for off-balance sheet positions	(63)	44	20	(85)	(111)
Provision for credit losses	(692)	(477)	21	(1,409)	(270)
Operating cost base ²	(2,244)	(2,269)	(2,541)	(6,967)	(8,506)
Income (loss) before nonoperating costs	(349)	436	642	657	2,318
Average active equity	14,402	14,314	15,297	14,402	15,851
Adjusted return on average active equity in % ³	(10)	12	17	6	19
Cost/income ratio in % ⁴	87	71	80	77	77

¹ Restated.

² Noninterest expenses excluding nonoperating costs (goodwill amortization, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

³ Income before nonoperating costs divided by average active equity. Regarding our definition of active equity, see footnote 3 on cover page of this Interim Report.

⁴ Operating cost base and policyholder benefits and claims divided by net revenues.

Corporate Banking & Securities recorded a loss before nonoperating costs of € 349 million compared to income before nonoperating costs of € 642 million in the same period last year.

As a result of the prevailing market conditions, net revenues in the third quarter of 2002 were approximately 20 % below the comparative quarters of 2002 and 2001. The largest revenue declines were attributable to Sales & Trading (debt and other products), where customer volumes were significantly lower than those in both the second quarter of 2002 and the third quarter of 2001. Net revenues from loan products decreased due to

lower interest rates and loan book reductions reflecting our activities to reduce credit exposure.

The provision for credit losses of € 692 million in the third quarter of 2002 was mainly attributable to the aforementioned change in the measurement of our other inherent loss allowance and to provisions relating to the ongoing downturn in the telecom industry and to certain exposures in the Americas and our German portfolio. Included in Corporate Banking & Securities' total provision for credit losses is a small provision for a € 0.7 billion collateralized nonaccrual loan to a German client as described above.

Our cost management activities led to a further decline of the operating cost base in the third quarter of 2002. Included in the operating cost base of the third quarter of 2002 was a net loss from non-trading equity derivatives used to hedge share-based compensation expenses. The increase of the cost/income ratio compared to the second quarter of 2002 and to the third quarter of 2001 was attributable to the material effect of lower customer flows on revenues. The cost/income ratio for January to September 2002 was unchanged compared to the same period in 2001.

Global Transaction Banking

Global Transaction Banking					
in € m.	Three months ended			Nine months ended	
	Sep 30, 2002	Jun 30, 2002 ¹	Sep 30, 2001 ¹	Sep 30, 2002	Sep 30, 2001 ¹
Net revenues	667	685	733	2,072	2,289
Provision for loan losses	(15)	17	0	8	2
Provision for off-balance sheet positions	25	41	(14)	6	10
Provision for credit losses	10	58	(14)	14	12
Operating cost base ²	(567)	(571)	(601)	(1,720)	(1,807)
Income before nonoperating costs	110	172	118	366	494
Average active equity	1,860	2,150	2,666	1,860	2,768
Adjusted return on average active equity in % ³	24	32	18	26	24
Cost/income ratio in % ⁴	85	83	82	83	79

¹ Restated.

² Noninterest expenses excluding nonoperating costs (goodwill amortization, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

³ Income before nonoperating costs divided by average active equity. Regarding our definition of active equity, see footnote 3 on cover page of this Interim Report.

⁴ Operating cost base and policyholder benefits and claims divided by net revenues.

Global Transaction Banking's income before nonoperating costs of € 110 million in the third quarter of 2002 was € 8 million below the same period of 2001 and € 62 million below the second quarter of 2002.

Net revenues declined against both the second quarter of 2002 and the third quarter of 2001 due to reductions in interest rate margins and lower transaction volumes.

Provision for credit losses was a net release of € 10 million in the third quarter of 2002 compared to a net release of € 58 million in the second quarter of 2002, which was mainly due to provision transfers to Corporate Banking & Securities.

The reduced operating cost base compared to both the second quarter of 2002 and the third quarter of 2001 reflected the benefits of the division's cost saving initiatives.

In the third quarter of 2002, Deutsche Bank entered into exclusive negotiations to sell a substantial part of its Global Securities Services business. The related assets and liabilities, which are not material to the Group's total assets and liabilities, are deemed to be held for sale.

Private Clients and Asset Management

Private Clients and Asset Management

in € m.	Three months ended			Nine months ended	
	Sep 30, 2002	Jun 30, 2002 ¹	Sep 30, 2001 ¹	Sep 30, 2002	Sep 30, 2001 ¹
Portfolio/fund management	722	774	595	2,015	1,709
Advisory	258	311	298	909	1,034
Loan/deposit products	618	619	634	1,874	1,870
Transaction fees	158	146	153	450	464
Insurance business	41	75	716	910	2,570
Other	92	606	60	757	203
Net revenues	1,889	2,531	2,456	6,915	7,850
Provision for loan losses	(79)	(48)	(46)	(181)	(127)
Provision for off-balance sheet positions	1	(1)	0	0	0
Provision for credit losses	(78)	(49)	(46)	(181)	(127)
Policyholder benefits and claims	(4)	(30)	(593)	(674)	(2,155)
Operating cost base ²	(1,591)	(1,691)	(1,708)	(4,866)	(5,250)
Income before nonoperating costs	216	761	109	1,194	318
Average active equity	4,563	4,603	4,475	4,563	4,153
Adjusted return on average active equity in % ³	19	66	10	35	10
Cost/income ratio in % ⁴	84	68	94	80	94
<i>Additional information:</i>					
Results of sold insurance and related activities					
Insurance business	0	25	694	780	2,457
Other	0	515	0	515	0
Net revenues	0	540	694	1,295	2,457
Provision for credit losses	0	0	(2)	0	(2)
Policyholder benefits and claims	0	(21)	(585)	(650)	(2,119)
Operating cost base ²	0	(7)	(93)	(102)	(274)
Income before nonoperating costs	0	512	14	543	62

¹ Restated.

² Noninterest expenses excluding nonoperating costs (goodwill amortization, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

³ Income before nonoperating costs divided by average active equity. Regarding our definition of active equity, see footnote 3 on cover page of this Interim Report.

⁴ Operating cost base and policyholder benefits and claims divided by net revenues.

Private Clients and Asset Management's (PCAM) income before nonoperating costs was € 216 million in the third quarter of 2002 compared to € 761 million in the second quarter of 2002. The second quarter of 2002 included a net gain of € 515 million on the disposal of most of PCAM's insurance and related activities. Adjusted for the results of the sold

activities, income before nonoperating costs declined by € 33 million from the second quarter of 2002 and was primarily attributable to lower revenues in Private Banking. Compared to the third quarter of 2001, PCAM's income before nonoperating costs improved significantly by € 107 million (or € 121 million excluding the results of the sold activities). This increase was primarily attributable to efficiency gains in Personal Banking.

Asset Management

in € m.	Asset Management			Asset Management	
	Sep 30, 2002	Three months ended Jun 30, 2002 ¹	Three months ended Sep 30, 2001 ¹	Nine months ended Sep 30, 2002	Nine months ended Sep 30, 2001 ¹
Portfolio/fund management	604	620	427	1,604	1,241
Insurance business	10	8	(9)	28	31
Other	35	41	51	110	156
Net revenues	649	669	469	1,742	1,428
Provision for loan losses	3	0	2	3	(12)
Provision for off-balance sheet positions	0	0	0	0	0
Provision for credit losses	3	0	2	3	(12)
Policyholder benefits and claims	(5)	(8)	(8)	(24)	(34)
Operating cost base ²	(578)	(581)	(395)	(1,518)	(1,279)
Income before nonoperating costs	69	80	68	203	103
Average active equity	2,720	2,781	2,399	2,720	2,034
Adjusted return on average active equity in % ³	10	12	11	10	7
Cost/income ratio in % ⁴	90	88	86	89	92

¹ Restated.

² Noninterest expenses excluding nonoperating costs (goodwill amortization, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

³ Income before nonoperating costs divided by average active equity. Regarding our definition of active equity, see footnote 3 on cover page of this Interim Report.

⁴ Operating cost base and policyholder benefits and claims divided by net revenues.

Asset Management's income before nonoperating costs of € 69 million in the third quarter of 2002 was essentially unchanged compared to the same period of 2001. The decrease of € 11 million compared to the second quarter of 2002 was primarily attributable to revenues of € 8 million related to the disposal of the aforementioned insurance and related activities in the second quarter of 2002.

Lower fee income from the fund management business reflecting the ongoing weak market environment contributed to the current quarter's decline in net revenues as compared to the second quarter of 2002. The first-time consolidation of Scudder and RREEF in the second quarter of 2002 was the main reason for a significant increase in both net revenues and the operating cost base compared to the third quarter of 2001.

In the third quarter of 2002, Deutsche Bank entered into an agreement with Northern Trust to sell most of its Passive Asset Management business. The related assets and liabilities, which are not material to the Group's total assets and liabilities, are deemed to be held for sale.

Private Banking
Private Banking

in € m.	Three months ended			Nine months ended	
	Sep 30, 2002	Jun 30, 2002 ¹	Sep 30, 2001 ¹	Sep 30, 2002	Sep 30, 2001 ¹
Portfolio/fund management	105	133	148	365	408
Advisory	164	175	161	525	643
Loan/deposit products	56	58	69	179	210
Transaction fees	2	3	2	10	12
Insurance business	3	6	4	8	8
Other	8	16	4	24	9
Net revenues	338	391	388	1,111	1,290
Provision for loan losses	(25)	(1)	(4)	(25)	(9)
Provision for off-balance sheet positions	(1)	0	0	(1)	0
Provision for credit losses	(26)	(1)	(4)	(26)	(9)
Operating cost base ²	(330)	(340)	(353)	(1,014)	(1,064)
Income (loss) before nonoperating costs	(18)	50	31	71	217
Average active equity	378	378	407	378	415
Adjusted return on average active equity in % ³	(19)	53	31	25	70
Cost/income ratio in % ⁴	98	87	91	91	82

¹ Restated.

² Noninterest expenses excluding nonoperating costs (goodwill amortization, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

³ Income before nonoperating costs divided by average active equity. Regarding our definition of active equity, see footnote 3 on cover page of this Interim Report.

⁴ Operating cost base and policyholder benefits and claims divided by net revenues.

Private Banking recorded a loss before nonoperating costs of € 18 million in the third quarter of 2002.

The challenging conditions in the international markets led to a further drop in the value of invested assets and to reduced activities of our clients which significantly impacted net revenues. As a result, revenues declined by € 50 million compared to the third quarter of 2001 and by € 53 million compared to the second quarter of 2002.

The increase in provision for credit losses in the third quarter of 2002 to € 26 million was driven by provisions created for two counterparties in Europe.

Private Banking's operating cost base continued to decline in the third quarter of 2002 reflecting the cost containment efforts in this division.

Personal Banking

Personal Banking					
in € m.	Sep 30, 2002	Three months ended		Nine months ended	
	2002	Jun 30, 2002 ¹	Sep 30, 2001 ¹	Sep 30, 2002	Sep 30, 2001 ¹
Portfolio/fund management	13	21	20	46	60
Advisory	94	136	137	384	390
Loan/deposit products	561	562	565	1,695	1,659
Transaction fees	156	143	151	440	452
Insurance business	28	62	721	874	2,532
Other	50	547	5	623	39
Net revenues	902	1,471	1,599	4,062	5,132
Provision for loan losses	(57)	(47)	(44)	(159)	(106)
Provision for off-balance sheet positions	2	(1)	0	1	0
Provision for credit losses	(55)	(48)	(44)	(158)	(106)
Policyholder benefits and claims	1	(21)	(586)	(650)	(2,121)
Operating cost base ²	(683)	(772)	(960)	(2,334)	(2,907)
Income (loss) before nonoperating costs	165	630	9	920	(2)
Average active equity	1,465	1,444	1,669	1,465	1,704
Adjusted return on average active equity in % ³	45	175	2	84	0
Cost/income ratio in % ⁴	76	54	97	73	98
<i>Additional information:</i>					
Results of sold insurance and related activities					
Insurance business	0	25	694	780	2,457
Other	0	507	0	507	0
Net revenues	0	532	694	1,287	2,457
Provision for credit losses	0	0	(2)	0	(2)
Policyholder benefits and claims	0	(21)	(585)	(650)	(2,119)
Operating cost base ²	0	(7)	(93)	(102)	(274)
Income before nonoperating costs	0	504	14	535	62

¹ Restated.

² Noninterest expenses excluding nonoperating costs (goodwill amortization, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

³ Income before nonoperating costs divided by average active equity. Regarding our definition of active equity, see footnote 3 on cover page of this Interim Report.

⁴ Operating cost base and policyholder benefits and claims divided by net revenues.

Personal Banking's income before nonoperating costs was € 165 million in the third quarter of 2002. Historical periods presented are not comparable to the current quarter due to the sale of Personal Banking's insurance and related activities in the second quarter of 2002. The decrease in reported income before nonoperating costs over the previous quarter of 2002 was € 465 million. After adjusting for the results from the sold activities (€ 504 million, which reflected principally the gain on the sale), Personal Banking's income before nonoperating costs increased by € 39 million compared to the second quarter of

2002. The improvement compared to the third quarter of 2001 was € 156 million (€ 170 million after adjusting for the results of the sold activities).

The following discusses Personal Banking's results of operations excluding the sold activities in all periods.

Net revenues in the third quarter of 2002 of € 902 million were essentially unchanged compared to the same period in 2001, and lower by € 37 million compared to the second quarter of 2002. This decline was primarily caused by reduced customer activity, which led to lower revenues from the securities advisory business, partly offset by a one-off gain of € 9 million attributable to the sale of a subsidiary in Italy.

Provision for credit losses increased slightly compared to the second quarter of 2002 and the third quarter of 2001 reflecting the challenging credit environment.

Personal Banking's operating cost base declined by € 82 million compared to the previous quarter and by € 184 million compared to the third quarter of 2001. Efficiency improvements and lower discretionary spending resulted in cost savings. These cost savings more than offset the market-driven decline in net revenues and resulted in a cost/income ratio of 76 % compared to 81 % in the second quarter of 2002 and 96 % in the third quarter of 2001.

Corporate Investments					
in € m.	Three months ended			Nine months ended	
	Sep 30, 2002	Jun 30, 2002 ¹	Sep 30, 2001 ¹	Sep 30, 2002	Sep 30, 2001 ¹
Net revenues	223	1,622	250	3,021	2,296
Provision for loan losses	(32)	(37)	(70)	(117)	(159)
Provision for off-balance sheet positions	0	4	0	4	0
Provision for credit losses	(32)	(33)	(70)	(113)	(159)
Operating cost base ²	(272)	(314)	(376)	(894)	(1,008)
Income (loss) before nonoperating costs	(81)	1,275	(196)	2,014	1,129
Average active equity	7,050	7,321	8,754	7,050	7,516
Adjusted return on average active equity in % ³	(5)	70	(9)	38	20
Cost/income ratio in % ⁴	122	19	150	30	44

¹ Restated.

² Noninterest expenses excluding nonoperating costs (goodwill amortization, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

³ Income before nonoperating costs divided by average active equity. Regarding our definition of active equity, see footnote 3 on cover page of this Interim Report.

⁴ Operating cost base and policyholder benefits and claims divided by net revenues.

Corporate Investments reported a loss before nonoperating costs of € 81 million in the third quarter of 2002, a loss of € 196 million in the same period in 2001 and income of € 1.3 billion in the second quarter of 2002. The second quarter of 2002 included significant gains on the sale of parts of our industrial holdings portfolio.

Corporate Investments

Net revenues were € 223 million in the third quarter of 2002 compared to € 1.6 billion in the second quarter of 2002 and compared to € 250 million in the third quarter of 2001. Net revenues in the third quarter of 2002 primarily included a net gain of € 390 million from the deemed sale of a partial interest of Eurohypo in the aforementioned merger offset partly by write-downs on certain alternative investments (approximately € 100 million) and a net loss on a single equity method investment (approximately € 240 million).

In the second quarter of 2002 net revenues included net gains of € 2.0 billion mainly from the sale of our remaining holdings in Munich Re and dividend income from our industrial holdings. These net revenues were partially offset by approximately € 300 million of write-downs on the value of the North American financial services business held for sale, write-downs on certain alternative investments (approximately € 200 million) and a valuation adjustment/equity pick-up on an equity method investment (approximately € 300 million).

Net revenues in the third quarter of 2001 included hedge gains of approximately € 500 million related to our industrial holdings portfolio, more than offset by net write-downs on our alternative investments.

Provision for credit losses of € 32 million in the third quarter of 2002 decreased by € 38 million compared to the same period in 2001. Most of the decline was attributable to lower provision in connection with our industrial holdings portfolio and the Eurohypo business.

Corporate Investments' operating cost base continued to improve reflecting reductions in discretionary spending, one-off charges in 2001 and the deconsolidation of Eurohypo.

Independent Accountants' Review Report

The Board of Managing Directors of Deutsche Bank Aktiengesellschaft

We have reviewed the accompanying balance sheet of Deutsche Bank Aktiengesellschaft and subsidiaries (Deutsche Bank Group) as of September 30, 2002, the related statements of income for the three and nine months then ended, and the statements of changes in shareholders' equity, and condensed cash flows for the nine months then ended. These financial statements are the responsibility of Deutsche Bank Group's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Frankfurt am Main,
October 30, 2002

Income Statement Deutsche Bank Group

Income Statement				
in € m.	Three months ended		Nine months ended	
	Sep 30, 2002	Sep 30, 2001	Sep 30, 2002	Sep 30, 2001
Net interest revenues	1,711	1,756	5,770	6,502
Provision for loan losses	753	135	1,611	468
Net interest revenues after provision for loan losses	958	1,621	4,159	6,034
Commissions and fees from fiduciary activities	1,047	904	2,962	2,715
Commissions, broker's fees, markups on securities underwriting and other securities activities	787	905	3,092	3,419
Fees for other customer services	678	672	2,106	1,938
Insurance premiums	24	674	712	1,878
Trading revenues, net	904	1,993	3,277	5,371
Net gains on securities available for sale	36	59	2,986	1,363
Net loss from equity investments	(266)	(36)	(668)	(86)
Other revenues	543	(386)	911	(95)
Total noninterest revenues	3,753	4,785	15,378	16,503
Compensation and benefits	2,943	2,955	8,765	9,797
Net occupancy expense of premises	311	329	966	1,007
Furniture and equipment	51	86	165	259
IT costs	539	573	1,707	1,746
Agency and other professional service fees	189	229	547	851
Communication and data services	196	206	600	652
Policyholder benefits and claims	26	605	729	2,199
Other expenses	637	835	2,141	2,457
Goodwill amortization	–	225	–	653
Restructuring activities	–	–	605	–
Total noninterest expenses	4,892	6,043	16,225	19,621
Income (loss) before income tax expense (benefit) and effects of accounting and tax rate changes	(181)	363	3,312	2,916
Income tax expense (benefit)	(12)	334	144	679
Income (loss) after income tax expense (benefit) and before effects of accounting and tax rate changes	(169)	29	3,168	2,237
Reversal of the credit recorded under U.S. GAAP for the change in German tax rates	130	34	2,703	819
Income (loss) before cumulative effect of accounting changes, net of tax	(299)	(5)	465	1,418
Cumulative effect of accounting changes, net of tax	–	–	37	(207)
Net income (loss)	(299)	(5)	502	1,211

Goodwill and other intangible assets – Adoption of SFAS 142

in € m.	Three months ended		Nine months ended	
	Sep 30, 2002	Sep 30, 2001	Sep 30, 2002	Sep 30, 2001
Reported net income (loss)	(299)	(5)	502	1,211
Add back: goodwill amortization net of negative goodwill	–	225	–	592
Add back: equity method goodwill amortization	–	3	–	6
Add back: other intangible assets amortization	–	1	–	3
Adjusted net income (loss)	(299)	224	502	1,812

Earnings per share figures

in €	Three months ended		Nine months ended	
	Sep 30, 2002	Sep 30, 2001	Sep 30, 2002	Sep 30, 2001
Earnings per common share				
Basic				
Income (loss) before cumulative effect of accounting changes, net of tax	(0.49)	(0.01)	0.75	2.29
Cumulative effect of accounting changes, net of tax	–	–	0.06	(0.34)
Reported net income (loss)	(0.49)	(0.01)	0.81	1.95
Add back: goodwill amortization net of negative goodwill	–	0.36	–	0.95
Add back: equity method goodwill amortization	–	0.01	–	0.01
Add back: other intangible assets amortization	–	–	–	0.01
Adjusted net income (loss)	(0.49)	0.36	0.81	2.92
Diluted				
Income (loss) before cumulative effect of accounting changes, net of tax	(0.49)	(0.01)	0.74	2.26
Cumulative effect of accounting changes, net of tax	–	–	0.06	(0.33)
Reported net income (loss)	(0.49)	(0.01)	0.80	1.93
Add back: goodwill amortization net of negative goodwill	–	0.36	–	0.94
Add back: equity method goodwill amortization	–	0.01	–	0.01
Add back: other intangible assets amortization	–	–	–	0.01
Adjusted net income (loss)	(0.49)	0.36	0.80	2.89
Denominator for basic earnings per share – weighted-average shares outstanding	615,100,309	620,667,287	622,566,397	620,241,265
Denominator for diluted earnings per share – adjusted weighted-average shares after assumed conversions	615,283,087	629,928,877	627,113,183	627,571,423

Balance Sheet Deutsche Bank Group

Assets		
in € m.	Sep 30, 2002	Dec 31, 2001
Cash and due from banks	10,789	10,388
Interest-earning deposits with banks	29,299	37,986
Central bank funds sold and securities purchased under resale agreements	121,464	103,685
Securities borrowed	58,625	40,318
Trading assets	301,684	293,653
Securities available for sale	25,268	71,666
Other investments	10,090	11,997
Loans, net	187,433	259,838
Premises and equipment, net	9,582	9,806
Intangible assets, net	10,437	8,947
Other assets related to insurance business	7,529	13,875
Due from customers on acceptances	466	553
Accrued interest receivable	4,475	5,907
Other assets	54,305	49,603
Total assets	831,446	918,222
Liabilities and Shareholders' Equity		
in € m.	Sep 30, 2002	Dec 31, 2001
Noninterest-bearing deposits		
Domestic offices	19,983	22,244
Foreign offices	7,826	7,487
Interest-bearing deposits		
Domestic offices	96,397	96,659
Foreign offices	221,334	247,699
Total deposits	345,540	374,089
Trading liabilities	136,807	121,329
Central bank funds purchased and securities sold under repurchase agreements	119,248	81,375
Securities loaned	9,980	7,620
Other short-term borrowings	15,031	20,472
Acceptances outstanding	497	553
Insurance policy claims and reserves	8,298	35,241
Accrued interest payable	4,917	7,423
Other liabilities	56,129	58,943
Long-term debt	99,059	166,908
Trust preferred securities	3,487	4,076
Obligation to purchase common shares	311	-
Total liabilities	799,304	878,029
Common shares, no par value, nominal value of € 2.56	1,592	1,591
Additional paid-in capital	11,190	11,253
Retained earnings	22,293	22,619
Common shares in treasury, at cost	(1,228)	(479)
Equity classified as obligation to purchase common shares	(311)	-
Share awards	824	899
Accumulated other comprehensive income		
Deferred tax on unrealized net gains on securities available for sale relating to 1999 and 2000 tax rate changes in Germany	(3,157)	(5,860)
Unrealized net gains on securities available for sale, net of applicable tax and other	1,153	9,279
Unrealized net gains (losses) on derivatives hedging variability of cash flows, net of tax	27	(1)
Foreign currency translation, net of tax	(241)	892
Total shareholders' equity	32,142	40,193
Total liabilities and shareholders' equity	831,446	918,222

Statement of Changes in Shareholders' Equity Deutsche Bank Group

Statement of Changes in Shareholders' Equity

in € m.	Nine months ended	
	Sep 30, 2002	Sep 30, 2001
Common shares		
Balance, beginning of year	1,591	1,578
Common shares distributed under employee benefit plans	1	13
Balance, end of period	1,592	1,591
Additional paid-in capital		
Balance, beginning of year	11,253	10,876
Common shares distributed under employee benefit plans	21	462
Net losses on treasury shares sold	(138)	(28)
Other	54	–
Balance, end of period	11,190	11,310
Retained earnings		
Balance, beginning of year	22,619	23,331
Net income	502	1,211
Cash dividends declared and paid	(800)	(801)
Other	(28)	(77)
Balance, end of period	22,293	23,664
Common shares in treasury, at cost		
Balance, beginning of year	(479)	(119)
Purchases of shares	(25,992)	(31,870)
Sale of shares	24,395	30,777
Treasury shares distributed under employee benefit plans	848	578
Balance, end of period	(1,228)	(634)
Equity classified as obligation to purchase common shares		
Balance, beginning of year	0	–
Additions	(330)	–
Deductions	19	–
Balance, end of period	(311)	–
Share awards – common shares issuable		
Balance, beginning of year	1,666	1,883
Deferred share awards granted, net	1,173	467
Deferred shares distributed	(860)	(702)
Balance, end of period	1,979	1,648
Share awards – deferred compensation		
Balance, beginning of year	(767)	(1,016)
Deferred share awards granted, net	(1,173)	(467)
Amortization of deferred compensation, net	785	886
Balance, end of period	(1,155)	(597)
Accumulated other comprehensive income		
Balance, beginning of year	4,310	7,150
Change in deferred tax on unrealized net gains on securities available for sale relating to 1999 and 2000 tax rate changes in Germany	2,703	819
Change in unrealized net gains on securities available for sale, net of applicable tax and other	(8,126)	(6,752)
Change in unrealized net gains (losses) on derivatives hedging variability of cash flows, net of tax	28	0
Foreign currency translation, net of tax	(1,133)	(41)
Balance, end of period	(2,218)	1,176
Total shareholders' equity, end of period	32,142	38,158

Condensed Cash Flow Statement Deutsche Bank Group

Condensed Cash Flow Statement

in € m.	Nine months ended	
	Sep 30, 2002	Sep 30, 2001
Cash and due from banks at end of previous year	10,388	8,502
Net cash provided by (used in) operating activities	3,640	(12,401)
Net cash provided by (used in) investing activities	(14,168)	9,204
Net cash provided by financing activities	11,492	3,976
Net effect of exchange rate changes on cash and due from banks	(563)	21
Cash and due from banks at end of period	10,789	9,302

Basis of Presentation

The accompanying financial statements as of September 30, 2002 and for the three and nine months then ended are unaudited and include the accounts of Deutsche Bank AG and its subsidiaries (collectively, the Deutsche Bank Group, the Group or the Company). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results of operations, financial position and condensed cash flows have been reflected. The results reported in these financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. The September 30, 2002 interim financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's 2001 Annual Report and Form 20-F.

The accompanying Deutsche Bank Group financial statements as of September 30, 2001 and for the three and nine months then ended are also unaudited and were prepared by adjusting previously issued financial statements under International Accounting Standards (IAS) as of September 30, 2001 and for the three and nine months then ended as follows:

- Principal timing and valuation differences between IAS and accounting principles generally accepted in the United States of America (U.S. GAAP) were allocated to the quarters as appropriate;
- Line items from the IAS statements were remapped to appropriately present the financial statements under U.S. GAAP.

These 2001 interim financial statements are being presented for comparative purposes. Management believes that these 2001 interim financial statements provide a reasonable basis for comparison with the 2002 interim financial statements. Certain prior period amounts have been reclassified to conform to the current presentation.

Accounting Method Required by U.S. GAAP for the 1999 and 2000 Change in German Tax Rates

A detailed description of the accounting method required by U.S. GAAP is given on pages 114 to 116 of our Form 20-F filed September 20, 2001 and on pages 54 to 55 of our Annual Report for 2001. We summarize this description below:

Securities held for investment purposes and to be sold later (except for debt securities held to maturity) are reported under U.S. GAAP as securities available for sale. They include our industrial shareholdings, which are reported at market value.

The difference between the cost of securities available for sale and their market values is allocated to other comprehensive income (OCI) in shareholders' equity as an unrealized gain or unrealized loss with no impact on the Income Statement. At each balance sheet date, the changes in value of these securities due to market value fluctuations are credited or debited directly to the OCI account, i.e. they do not affect the Income Statement.

If the profits on the sale of securities available for sale are taxable, the unrealized gains recorded in OCI must be adjusted for the notional deferred tax burden attributable to them. This adjustment is also made with no impact on the Income Statement through the formation of a deferred tax liability with a corresponding debit to OCI included in shareholders' equity.

The Tax Reform Act was enacted in October 2000 and stipulated that profits on the sale of shareholdings in German corporations were exempt from tax beginning January 1, 2002. For our Consolidated Financial Statements for 2000, this meant that, owing to the abolition of the tax obligation, the respective deferred tax liability formed in connection with the unrealized gains had to be released. According to U.S. GAAP however, this release could not, in contrast to the procedure on formation, be effected through OCI with no impact on the Income Statement. On the contrary, the release had to be reported as a credit in the tax line of the Income Statement. This increased the after-tax income "artificially", since the gains were still unrealized as the securities were not yet sold.

After sales of industrial shareholdings and market value changes in 2000, the industrial shareholdings of DB Investor, which holds most of these industrial holdings, were reported as of December 31, 2000 with the values shown in the table on the following page. The deferred tax liability on unrealized gains had to be released in the manner described above in the amount of € 6.5 billion.

Deferred tax in OCI

As stated, the deferred tax liability was formed through OCI and reported as an offset to unrealized gains. The release of the deferred tax liability through the Income Statement did not affect the offset amount on OCI. It remains fixed in the amount determined at the date of the release of the deferred tax liability until such time as the securities are sold. Market price changes since the effective date of the tax rate change have no influence on the deferred tax amount.

The following table demonstrates that the portfolio of industrial holdings of DB Investor still includes considerable unrealized gains even after the recent developments of the capital markets. However, there have been significant reductions in market prices since the effective date of the tax rate change. Since the deferred tax amount relating to the securities

not sold has been frozen based on the level of market prices in 1999 and 2000, the deferred tax amount relating to the tax rate changes in Germany currently exceeds the amount of related unrealized gains of the portfolio of DB Investor.

in € bn.	Sep 30, 2002	Dec 31, 2001	Dec 31, 2000	Dec 31, 1999
Market value	6.3	14.1	17.5	21.8
Cost	5.2	5.7	5.6	5.8
Unrealized gains in OCI	1.1	8.4	11.9	16.0
less deferred tax relating to 1999 and 2000 tax rate changes in Germany	3.0	5.5	6.5	8.6
OCI net	(1.9)	2.9	5.4	7.4

In case of a sale of the industrial shareholdings the following effects arise: the profit from the sale corresponding to the gross unrealized gain reported in the shareholders' equity position OCI is shown in revenues and pre-tax income. The aforementioned tax offset amount in OCI is to be reversed via the Income Statement as tax expense and thus reduces after-tax income.

These effects of tax rate changes are reported separately in the Consolidated Income Statement position "Reversal of the credit recorded under U.S. GAAP for the change in German tax rates" and for the nine months ending September 2002 amount to € 2.7 billion of which € 130 million related to the third quarter 2002.

When the market value of our shareholdings declines compared with the values as of the date of the tax law change, a sale may result in an after tax loss being reported even though the profits from the sales are tax-exempt. This is due to the fact that the tax offset amounts in OCI were determined at the higher market values prevailing when the tax law change was enacted.

Neither the release of the deferred tax liability with an impact on the Income Statement nor the reversal of the offset amount in OCI with an impact on the Income Statement has an economic effect. They do not affect the bank's tax position vis-à-vis the tax authorities. The initial release did not lead to a tax refund from the tax authorities and likewise, the sale and the reversal of the offset amount will not create a tax liability to the tax authorities.

Neither the initial release of the deferred tax liability nor the unrealized gains and losses from securities available for sale are included in regulatory core capital nor in the calculation of our adjusted RoE. The entire procedure is a U.S. GAAP specific accounting requirement. We believe that the economic effects of the tax rate changes are not appropriately reflected in the individual periods up to and including the period of the sale.

Reversal of the credit recorded under U.S. GAAP for the change in German tax rates

Impact of Changes in Accounting Principles

SFAS 141 and 142

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations" ("SFAS 141") and SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 141 requires that all business combinations initiated after June 30, 2001 be accounted for by the purchase method and eliminates the use of the pooling-of-interests method. Other provisions of SFAS 141 and SFAS 142 require that, as of January 1, 2002, goodwill no longer be amortized and, once allocated to reporting units (the business segment level, or one level below), that tests for impairment of goodwill be performed on an ongoing basis.

Upon adoption of the requirements of SFAS 142 as of January 1, 2002, the Group discontinued the amortization of goodwill with a net carrying amount of € 8.7 billion. The annual goodwill amortization was € 871 million in 2001. Also, the Group recognized € 37 million, net of taxes, as a cumulative effect of change in accounting principle from the write-off of negative goodwill. The required impairment tests of goodwill and other intangible assets with indefinite useful lives under SFAS 142 were performed as of January 1, 2002. There was no impairment charge resulting from the adoption of SFAS 142.

SFAS 144

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supersedes FASB Statement No. 121 and the accounting and reporting provisions of APB Opinion No. 30, for the disposal of a segment of a business. This Statement also amends ARB No. 51, to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. SFAS 144 is effective for fiscal years beginning after December 15, 2001. Upon adoption all long-lived assets to be disposed of and discontinued operations shall be measured at the lower of carrying amount or fair value less cost to sell. The adoption of SFAS 144 did not have a material impact on the Group's consolidated financial statements.

Obligation to Purchase Common Shares

The Group has entered into forward purchases and sold put options of Deutsche Bank shares as part of a share buy-back program. The cash redemption amounts of these forwards and put options are reported as obligation to purchase common shares and result in a reduction of shareholders' equity with an equal amount reported under liabilities.

Information on the Income Statement Deutsche Bank Group

Net interest revenues

in € m.	Three months ended		Nine months ended	
	Sep 30, 2002	Sep 30, 2001	Sep 30, 2002	Sep 30, 2001
Interest revenues	9,479	13,266	28,766	41,351
Interest expense	7,768	11,510	22,996	34,849
Net interest revenues	1,711	1,756	5,770	6,502

Commissions and fee revenues

in € m.	Three months ended		Nine months ended	
	Sep 30, 2002	Sep 30, 2001	Sep 30, 2002	Sep 30, 2001
Commissions and fees from fiduciary activities	1,047	904	2,962	2,715
Commissions for administration	158	180	471	511
Commissions for assets under management	836	666	2,402	2,109
Commissions for other securities business	53	58	89	95
Commissions, broker's fees, markups on securities underwriting and other securities activities	787	905	3,092	3,419
Underwriting and advisory fees	225	327	1,179	1,239
Brokerage fees	562	578	1,913	2,180
Fees for other customer services	678	672	2,106	1,938
Total commissions and fee revenues	2,512	2,481	8,160	8,072

Trading revenues, net

in € m.	Three months ended		Nine months ended	
	Sep 30, 2002	Sep 30, 2001	Sep 30, 2002	Sep 30, 2001
Interest and credit trading	64	925	1,172	2,559
Equity trading	220	312	(206)	1,242
Foreign exchange, metal, commodity trading	266	325	1,040	1,000
Other trading*	354	431	1,271	570
Total	904	1,993	3,277	5,371

* Includes gains and losses from derivatives not qualifying for hedge accounting treatment and the elimination of revenues relating to the trading of our own shares, own bonds and qualifying derivatives on our own shares of € (82) million and € 51 million for the three months ended September 30, 2002 and September 30, 2001, respectively and € 110 million and € 22 million for the nine months ended September 30, 2002 and September 30, 2001, respectively.

Net gains on securities available for sale

in € m.	Three months ended		Nine months ended	
	Sep 30, 2002	Sep 30, 2001	Sep 30, 2002	Sep 30, 2001
Debt securities – gross realized gains	14	82	117	217
Debt securities – gross realized losses*	(23)	(58)	(183)	(159)
Equity securities – gross realized gains	126	208	3,505	1,813
Equity securities – gross realized losses*	(81)	(173)	(453)	(508)
Total	36	59	2,986	1,363

* Includes write-downs for other-than-temporary impairment.

Information on the Balance Sheet

Deutsche Bank Group

Trading assets

Trading assets		
in € m.	Sep 30, 2002	Dec 31, 2001
Bonds and other fixed-income securities	195,673	150,698
Equity shares and other variable-yield securities	32,789	77,683
Positive market values from derivative financial instruments*	63,389	60,622
Other trading assets	9,833	4,650
Total	301,684	293,653

* Derivatives under master netting agreements are shown net.

Trading liabilities

Trading liabilities		
in € m.	Sep 30, 2002	Dec 31, 2001
Bonds and other fixed-income securities	63,421	48,784
Equity shares and other variable-yield securities	17,002	18,346
Negative market values from derivative financial instruments*	56,384	54,199
Total	136,807	121,329

* Derivatives under master netting agreements are shown net.

Securities available for sale

in € m.	Sep 30, 2002				Dec 31, 2001			
	Fair value	Gross unrealized holding		Amortized cost	Fair value	Gross unrealized holding		Amortized cost
		gains	losses			gains	losses	
Debt securities	15,708	302	(37)	15,443	47,502	1,026	(416)	46,892
Equity securities	9,560	1,685	(422)	8,297	24,164	10,106	(763)	14,821
Total	25,268	1,987	(459)	23,740	71,666	11,132	(1,179)	61,713

Problem loans

in € bn.	Sep 30, 2002			Dec 31, 2001		
	Impaired loans	Non-performing homogenous loans		Impaired loans	Non-performing homogenous loans	
		Total	Total		Total	Total
Non-accrual loans	8.2	1.5	9.7	10.0	1.5	11.5
90 days past due and still accruing	0.2	0.3	0.5	0.5	0.4	0.9
Troubled debt restructurings	0.3	0.0	0.3	0.3	0.0	0.3
Total problem loans	8.7	1.8	10.5*	10.8	1.9	12.7

* In addition to the above, we have a € 0.7 billion collateralized nonaccrual loan to a German client (previously disclosed as potential problem loan). After the Bank took title to the collateral 26 % of it was sold for cash to a third party in early October 2002.

Allowances for on-balance sheet positions

in € m.	Nine months ended	
	Sep 30, 2002	Sep 30, 2001
Balance, beginning of year	5,585	6,745
Provision for loan losses	1,611	468
Net charge-offs	(1,995)	(1,009)
Charge-offs	(2,059)	(1,054)
Recoveries	64	45
Allowance related to acquisitions/divestitures	(398)	(157)
Foreign currency translation	(187)	(67)
Balance, end of period	4,616	5,980

Allowances for credit losses**Allowances for off-balance sheet positions**

in € m.	Nine months ended	
	Sep 30, 2002	Sep 30, 2001
Balance, beginning of year	496	453
Provision for credit losses on lending-related commitments	74	86
Net charge-offs	(6)	(6)
Allowance related to acquisitions/divestitures	(1)	(1)
Foreign currency translation	(8)	77
Balance, end of period	555	609

Other short-term borrowings

in € m.	Sep 30, 2002	Dec 31, 2001
	Commercial paper	6,210	14,251
Other	8,821	6,221
Total	15,031	20,472

Other short-term borrowings

Long-term debt

Long-term debt		
in € m.	Sep 30, 2002	Dec 31, 2001
Senior debt		
Mortgage bonds		
Fixed rate	–	48,501
Floating rate	–	8,215
Other bonds and notes		
Fixed rate	55,075	59,773
Floating rate	34,164	39,167
Subordinated debt		
Bonds and notes		
Fixed rate	7,365	8,885
Floating rate	2,455	2,367
Total	99,059	166,908

**Liability for
restructuring activities**

Restructuring activities	
in € m.	Total
As of Dec 31, 2001	272
Additions*	696
Utilization	403
Releases	0
Increases (reductions) due to exchange rate fluctuations	(30)
As of Sep 30, 2002	535

* Including effects from first-time consolidation.

Reconciliation of the Results of the Group Divisions to the Group

In the second quarter 2002, we revised the format of our management reporting systems to reflect how management views its businesses. The most significant changes have been:

- “Provision for off-balance sheet positions” were previously reported under noninterest expenses. They are now reported separately.
- “Policyholder benefits and claims” were previously reported under noninterest expenses. They are now reported separately.
- “Operating cost base” was introduced, defined as noninterest expenses excluding nonoperating costs (goodwill amortization, severance payments, restructuring activities, minority interest) and the above mentioned separately reported items (provision for off-balance sheet positions and policyholder benefits and claims).
- The key ratios “Adjusted return on average equity” and “Cost/income ratio” are now reported in our “Discussion of Results – Segmental Results of Operations”. The same holds true for the “Revenue components” which we now report on the level of the corporate divisions of PCAM and CIB.

There were no significant changes regarding the management responsibility for our businesses during the third quarter 2002.

The merger of our mortgage bank subsidiary Eurohypo AG Europäische Hypothekbank der Deutschen Bank with the mortgage bank subsidiaries of Dresdner Bank AG and Commerzbank AG in the third quarter of 2002 led to the deconsolidation of our mortgage bank subsidiary. We now hold within the Corporate Investments Group Division approximately 35 % of the newly-merged company, also called Eurohypo, and account for this investment under the equity method.

The figures for the year 2001 have been restated in order to make them comparable to 2002.

Reporting format

Composition of segments

Reconciliation of the results of the Group Divisions to the Group

in € m.	Corporate and Investment Bank	Private Clients and Asset Management	Corporate Investments	Consolidation/ Adjustments	Total Group
Nine months ended Sep 30, 2002					
Net revenues ²	11,105	6,915	3,021	107	21,148
Provision for loan losses	(1,316)	(181)	(117)	3	(1,611)
Provision for off-balance sheet positions	(79)	0	4	1	(74)
Policyholder benefits and claims	0	(674)	0	(55)	(729)
Operating cost base ³	(8,687)	(4,866)	(894)	51	(14,396)
Income before nonoperating costs	1,023	1,194	2,014	107	4,338
Nonoperating costs ¹	(602)	(368)	(3)	(53)	(1,026)
Income before income taxes⁴	421	826	2,011	54	3,312
Average active equity	16,262	4,563	7,050	3,909	31,784
Assets	706,430	102,513	32,399	(9,896)	831,446
Risk-weighted positions (BIS risk positions)	176,512	58,470	26,294	6,324	267,600
¹ Includes: Severance payments	(240)	(98)	(11)	(44)	(393)
Restructuring activities	(358)	(246)	(1)	0	(605)
Minority interest	(4)	(24)	9	(9)	(28)
Nine months ended Sep 30, 2001 (restated)					
Net revenues ²	13,383	7,850	2,296	(524)	23,005
Provision for loan losses	(157)	(127)	(159)	(25)	(468)
Provision for off-balance sheet positions	(101)	0	0	15	(86)
Policyholder benefits and claims	0	(2,155)	0	(44)	(2,199)
Operating cost base ³	(10,313)	(5,250)	(1,008)	313	(16,258)
Income (loss) before nonoperating costs	2,812	318	1,129	(265)	3,994
Nonoperating costs ¹	(635)	(231)	(131)	(81)	(1,078)
Income (loss) before income taxes⁴	2,177	87	998	(346)	2,916
Average active equity	18,619	4,153	7,516	0	30,288
Assets (Dec 31, 2001)	677,580	123,722	120,950	(4,030)	918,222
Risk-weighted positions (BIS risk positions) (Dec 31, 2001)	187,946	56,231	56,202	4,700	305,079
¹ Includes: Goodwill amortization	(410)	(134)	(105)	(4)	(653)
Severance payments	(225)	(40)	(11)	(74)	(350)
Minority interest	0	(57)	(15)	(3)	(75)

² Net interest revenues and noninterest revenues.

³ Noninterest expenses excluding nonoperating costs (goodwill amortization, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

⁴ Before cumulative effect of accounting changes.

Reconciliation of the results of the Corporate Divisions to the Group Divisions

in € m.	Corporate and Investment Bank		Private Clients and Asset Management		
	Corporate Banking & Securities	Global Trans- action Banking	Asset Management	Private Banking	Personal Banking
Nine months ended Sep 30, 2002					
Net revenues ²	9,033	2,072	1,742	1,111	4,062
Provision for loan losses	(1,324)	8	3	(25)	(159)
Provision for off-balance sheet positions	(85)	6	0	(1)	1
Policyholder benefits and claims	0	0	(24)	0	(650)
Operating cost base ³	(6,967)	(1,720)	(1,518)	(1,014)	(2,334)
Income before nonoperating costs	657	366	203	71	920
Nonoperating costs ¹	(550)	(52)	(63)	(39)	(266)
Income before income taxes⁴	107	314	140	32	654
Average active equity	14,402	1,860	2,720	378	1,465
Assets ⁵	690,794	27,289	22,666	12,661	68,870
Risk-weighted positions (BIS risk positions)	159,543	16,969	6,326	8,863	43,281
¹ Includes: Severance payments	(221)	(19)	(45)	(12)	(41)
Restructuring activities	(324)	(34)	(2)	(27)	(217)
Minority interest	(5)	1	(16)	0	(8)
Nine months ended Sep 30, 2001 (restated)					
Net revenues ²	11,094	2,289	1,428	1,290	5,132
Provision for loan losses	(159)	2	(12)	(9)	(106)
Provision for off-balance sheet positions	(111)	10	0	0	0
Policyholder benefits and claims	0	0	(34)	0	(2,121)
Operating cost base ³	(8,506)	(1,807)	(1,279)	(1,064)	(2,907)
Income (loss) before nonoperating costs	2,318	494	103	217	(2)
Nonoperating costs ¹	(558)	(77)	(135)	(27)	(69)
Income (loss) before income taxes⁴	1,760	417	(32)	190	(71)
Average active equity	15,851	2,768	2,034	415	1,704
Assets ⁵ (Dec 31, 2001)	663,716	24,708	20,601	12,469	91,509
Risk-weighted positions (BIS risk positions) (Dec 31, 2001)	168,884	19,062	5,890	8,476	41,865
¹ Includes: Goodwill amortization	(362)	(48)	(92)	(20)	(22)
Severance payments	(196)	(29)	(11)	(8)	(21)
Minority interest	0	0	(32)	1	(26)

² Net interest revenues and noninterest revenues.

³ Noninterest expenses excluding nonoperating costs (goodwill amortization, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

⁴ Before cumulative effect of accounting changes.

⁵ Consolidation items between corporate divisions are included at the group division level CIB and PCAM.

Other Information Deutsche Bank Group

Financial instruments with off-balance sheet credit risk

Financial instruments with off-balance sheet credit risk			
in € m.		Sep 30, 2002	Dec 31, 2001
Commitments to extend credit			
	Fixed rates	17,988	23,197
	Variable rates	84,889	97,532
Guarantees, standby letters of credit and similar arrangements*		34,423	42,402

* Includes commitments to extend guarantees and letters of credit of € 3.7 billion and € 3.2 billion at September 30, 2002 and December 31, 2001, respectively.

Value-at-risk

Group value-at-risk by risk category ¹										
in € m.	Value-at-risk total ²		Interest rate risk		Equity price risk		Commodity price risk		Foreign exchange risk	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Value-at-risk ³	43.09	41.58	35.71	36.07	23.69	20.09	6.24	3.52	12.55	3.55
Minimum value-at-risk ⁴	28.93	29.36	24.68	24.15	16.20	11.67	2.28	1.78	2.63	3.02
Maximum value-at-risk ⁴	88.92	54.21	58.58	48.54	89.26	35.04	8.66	7.60	29.25	16.27
Average value-at-risk ⁴	43.55	43.11	36.13	37.36	26.05	19.89	5.41	3.21	8.84	6.08

¹ All figures for 1-day holding period; 99 % confidence level.

² Figures for 2002 based on full correlation, prior year total based on zero correlation (zero correlated group value-at-risk as of September 30, 2002: € 45.16 million).

³ All figures for 2001 as of December 31, 2001; figures for 2002 as of September 30, 2002.

⁴ Amounts refer to the time period January 1 – September 30, 2002 and to the year 2001, respectively.

Comprehensive income

in € m.	Three months ended		Nine months ended	
	Sep 30, 2002	Sep 30, 2001	Sep 30, 2002	Sep 30, 2001
Net income (loss)	(299)	(5)	502	1,211
Other comprehensive income (loss)	(3,230)	(6,011)	(6,528)	(5,974)
Comprehensive income (loss)	(3,529)	(6,016)	(6,026)	(4,763)

Capital according to BIS

Capital according to BIS		
in € m.	Sep 30, 2002	Dec 31, 2001
Tier I		
Common shares	1,592	1,591
Additional paid-in capital	11,190	11,253
Retained earnings, consolidated profit, treasury shares, cumulative translation adjustments, share awards, equity classified as obligation to purchase common shares	21,337	23,931
Minority interests	938	958
Noncumulative trust preferred securities	2,385	2,593
Other (equity contributed by silent partners)	726	811
Items deducted (principally goodwill, intangible assets and tax rate change effect relating to available for sale securities)	(14,222)	(16,334)
Total	23,946	24,803
Tier II		
Unrealized gains on listed securities (45 % eligible)	621	4,170
General allowances for loan losses	710	479
Cumulative preferred securities	1,051	2,190
Subordinated liabilities, if eligible according to BIS	5,768	5,416
Total	8,150	12,255
Total regulatory capital*	32,096	37,058

* Currently we do not have Tier III capital components.

BIS risk position and capital adequacy ratios

in € m.	Sep 30, 2002	Dec 31, 2001
BIS risk position*	267,600	305,079
BIS capital ratio (Tier I + II)	12.0 %	12.1 %
BIS core capital ratio (Tier I)	8.9 %	8.1 %

* Primarily comprised of credit risk weighted assets. Also includes market risk equivalent assets of € 7.2 billion (2001: € 8.0 billion).

Group Quarterly Record

Balance Sheet in € m.	Three months ended		
	Sep 30, 2002	Jun 30, 2002	Mar 31, 2002
Total assets	831,446	899,052	950,499
Total liabilities	799,304	861,150	908,608
Total shareholders' equity	32,142	37,902	41,891
Tier I risk-based capital (BIS)	23,946	26,757	27,190
Total risk-based capital (BIS)	32,096	36,917	40,163
Income Statement in € m.			
Net interest revenues	1,711	2,334	1,725
Provision for loan losses	753	588	270
Commissions and fee revenues	2,512	3,013	2,635
Trading revenues, net	904	974	1,399
Other noninterest revenues	337	1,816	1,788
Total net revenues	4,711	7,549	7,277
Compensation and benefits	2,943	2,950	2,872
Goodwill amortization	–	–	–
Restructuring activities	–	265	340
Other noninterest expenses	1,949	2,111	2,795
Total noninterest expenses	4,892	5,326	6,007
Income (loss) before income tax expense (benefit) and effects of accounting and tax rate changes	(181)	2,223	1,270
Income tax expense (benefit)	(12)	150	6
Income (loss) after income tax expense (benefit) and before effects of accounting and tax rate changes	(169)	2,073	1,264
Reversal of the credit recorded under U.S. GAAP for the change in German tax rates	130	1,869	704
Income (loss) before cumulative effect of accounting changes, net of tax	(299)	204	560
Cumulative effect of accounting changes, net of tax	–	–	37
Net income (loss)	(299)	204	597
Add back: goodwill amortization net of negative goodwill	–	–	–
Add back: equity method goodwill amortization	–	–	–
Add back: other intangible assets amortization	–	–	–
Adjusted net income (loss)	(299)	204	597
Key figures			
Basic earnings per share	€ (0.49)	€ 0.33	€ 0.95
Modified basic earnings per share ¹	€ (0.27)	€ 3.31	€ 2.02
Return on average total shareholders' equity ²	(3.3) %	2.0 %	5.9 %
Adjusted return on average active equity ^{1,3}	(2.1) %	25.6 %	16.4 %
Cost/income ratio ⁴	89.5 %	65.5 %	79.6 %
Adjusted cost/income ratio ⁵	89.5 %	62.2 %	75.1 %
BIS capital ratio	12.0 %	12.8 %	13.2 %
Employees (full time equivalents)	81,976	84,455	84,836

¹ Net income used to calculate modified basic earnings per share is adjusted for the reversal of the credit recorded under U.S. GAAP for the change in German tax rates, for the effect of accounting changes, and in 2001, adjusted for amortization of goodwill and other intangible assets.

² Net income in 2001 is adjusted for amortization of goodwill and other intangible assets.

³ Regarding our definition of active equity, see footnote 3 on cover page of this Interim Report.

	Dec 31, 2001	Sep 30, 2001	Jun 30, 2001	Mar 31, 2001
	918,222	924,100	951,026	991,149
	878,029	885,942	905,800	946,319
	40,193	38,158	45,226	44,830
	24,803	26,027	26,833	24,894
	37,058	37,609	41,461	39,905
	2,118	1,756	2,807	1,939
	556	135	221	112
	2,655	2,481	2,787	2,804
	660	1,993	1,054	2,324
	1,103	311	1,841	908
	5,980	6,406	8,268	7,863
	3,563	2,955	3,241	3,601
	218	225	214	214
	294	-	-	-
	3,018	2,863	3,172	3,136
	7,093	6,043	6,627	6,951
	(1,113)	363	1,641	912
	(245)	334	57	288
	(868)	29	1,584	624
	176	34	750	35
	(1,044)	(5)	834	589
	-	-	-	(207)
	(1,044)	(5)	834	382
	192	225	212	155
	12	3	3	0
	4	1	1	1
	(836)	224	1,050	538
	€ (1.69)	€ (0.01)	€ 1.34	€ 0.62
	€ (1.07)	€ 0.42	€ 2.89	€ 1.26
	(8.6) %	2.1 %	9.6 %	4.9 %
	(8.1) %	3.3 %	24.1 %	10.5 %
	105.3 %	88.9 %	75.5 %	85.1 %
	100.8 %	88.9 %	75.5 %	85.1 %
	12.1 %	12.4 %	13.2 %	12.4 %
	86,524	88,255	89,307	89,381

⁴ Total noninterest expenses as a percentage of net interest revenues before provision for loan losses, plus noninterest revenues, and in addition in 2001 adjusted for amortization of goodwill and other intangible assets.

⁵ Total noninterest expenses (excluding amortization of goodwill and other intangible assets and restructuring activities) as a percentage of net interest revenues before provision for loan losses, plus noninterest revenues (excluding amortization of negative goodwill).

Group Executive Committee

Josef Ackermann*

born 1948,
Board member since 1996.
Spokesman of the Board of Managing Directors
and Chairman of the Group Executive Committee.
Also responsible for Corporate Development,
Corporate Communications, Economics and
provisionally Treasury.



Anshu Jain

born 1963,
Global Head of Global Markets.

Clemens Börsig*

born 1948,
Board member since 2001.
Chief Financial Officer, responsible
for Controlling, Tax and Investor
Relations. Provisionally as Chief
Risk Officer responsible for Risk
Management and Corporate Security.



Hermann-Josef Lamberti*

born 1956,
Board member since 1999.
Chief Operating Officer, responsible for Cost
and Infrastructure Management, Information
Technology, Operations, Building and Facilities
Management as well as Purchasing.

Michael Cohrs

born 1956,
Global Head of Corporate
Finance.



Kevin Parker

born 1959,
Global Head of Global Equities.

* Member of the Board of Managing Directors of Deutsche Bank AG.

Jürgen Fitschen

born 1948,
Global Head of Global Transaction
Banking and Relationship Management
Germany.



Tessen von Heydebreck*

born 1945,
Board member since 1994.
Chief Administrative Officer,
responsible for Human Resources,
Legal, Compliance and Audit.



Tom Hughes

born 1957,
Global Head of Asset Management.



Ted Virtue

born 1960,
Global Head of Corporate
Investments.



Herbert Walter

born 1953,
Global Head of Private
and Business Clients.



Pierre de Weck

born 1950,
Global Head of Private Wealth
Management.

Supervisory Board

Supervisory Board

Hilmar Kopper

Chairman until May 22, 2002,
Frankfurt am Main

Dr. Rolf-E. Breuer

Chairman from May 22, 2002,
Frankfurt am Main

Heidrun Förster*

Deputy Chairperson
Deutsche Bank 24 AG,
Berlin

Dr. rer. oec. Karl-Hermann Baumann

Chairman of the Supervisory Board
of Siemens Aktiengesellschaft,
Munich

Dr. Ulrich Cartellieri

Frankfurt am Main

Klaus Funk*

Deutsche Bank 24 AG,
Frankfurt am Main

Gerald Herrmann*

Federal Executive Secretary
of Unified Services Union,
Berlin

Sabine Horn*

Deutsche Bank AG,
Frankfurt am Main

Sir Peter Job

London

Prof. Dr. Henning Kagermann

Co-Chairman and CEO
of SAP AG,
Walldorf/Baden

Ulrich Kaufmann*

Deutsche Bank AG,
Düsseldorf

Peter Kazmierczak*

Deutsche Bank AG,
Essen

Adolf Kracht

Chairman of the Supervisory Board
of Wilhelm von Finck AG
Grasbrunn

Professor Dr.-Ing. E. h.**Berthold Leibinger**

Chairman of the Board of Management
of TRUMPF GmbH + Co. KG,
Ditzingen

Margret Mönig-Raane*

Vice President of
Unified Services Union,
Berlin

Dr. Michael Otto

Chairman of the Board of Management
of Otto-Versand (GmbH & Co.),
Hamburg

Klaus Schwedler*

GTG Gesellschaft für Technisches
Gebäudemanagement mbH,
Eschborn

Tilman Todenhöfer

Deputy Chairman of the Board of
Management of Robert Bosch GmbH,
Stuttgart

Michael Freiherr Truchseß**von Wetzhausen***

Deutsche Bank AG,
Frankfurt am Main

Lothar Wacker*

Deutsche Bank AG,
Cologne

Dipl.-Ing. Albrecht Woeste

Chairman of the Supervisory Board
and the Shareholders' Committee
of Henkel KGaA,
Düsseldorf

* elected by the staff

Committees

Chairman's Committee

Hilmar Kopper until May 22, 2002

– Chairman

Dr. Rolf-E. Breuer from May 22, 2002

– Chairman

Dr. Ulrich Cartellieri

Heidrun Förster*

Lothar Wacker*

Mediation Committee

Hilmar Kopper until May 22, 2002

– Chairman

Dr. Rolf-E. Breuer from May 22, 2002

– Chairman

Dr. Ulrich Cartellieri

Heidrun Förster*

Ulrich Kaufmann*

Audit Committee

Hilmar Kopper until May 22, 2002

– Chairman

Dr. rer. oec. Karl-Hermann Baumann

– Chairman since May 22, 2002

Dr. Rolf-E. Breuer from May 22, 2002

Dr. Ulrich Cartellieri

Heidrun Förster*

Sabine Horn* from January 30, 2002

Michael Freiherr Truchseß

von Wetzhausen*

Credit and Market

Risk Committee

Hilmar Kopper until May 22, 2002

– Chairman

Dr. Rolf-E. Breuer from May 22, 2002

– Chairman

Dr. rer. oec. Karl-Hermann Baumann

Dr. Ulrich Cartellieri

Sir Peter Job from January 30, 2002

– Substitute Member

Adolf Kracht

– Substitute Member

* elected by the staff

Impressum

Impressum

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
D-60262 Frankfurt am Main
Telephone: +49 69 910-00
e-mail: deutsche.bank@db.com

Investor Relations:
Telephone: +49 69 910-38080
e-mail: db.ir@db.com
Internet: www.deutsche-bank.com/ir

Interim Report on the Internet:
www.deutsche-bank.com/q3

Photos

Frank Bauer, London:
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Forward-looking statements contain risks

This report contains forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about our beliefs and expectations. Any statement in this report that states our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our trading revenues, potential defaults of borrowers or trading counterparties, the implementation of our restructuring including the envisaged reduction in headcount, the reliability of our risk management policies, procedures and methods, and other risks referenced in our filings with the U.S. Securities and Exchange Commission. Such factors are described in detail in our SEC Form 20-F filed March 27, 2002 on pages 9 through 13 under the heading "Risk Factors". Copies of this document are available upon request or can be downloaded from www.deutsche-bank.com/ir.

Financial Calendar for 2003

February 7, 2003	Publication of figures for the 2002 financial year
April 30, 2003	Interim Report as of March 31, 2003
June 10, 2003	General Meeting in the Festhalle, Frankfurt am Main (Exhibition Centre)
June 11, 2003	Dividend payment
July 31, 2003	Interim Report as of June 30, 2003
October 30, 2003	Interim Report as of September 30, 2003



SECTION IV: ADDITIONAL INFORMATION

ADDITIONAL INFORMATION FOR LUXEMBOURG

[Application has been made to list the Securities on the Luxembourg Stock Exchange]. [The Securities may be publicly offered in Luxembourg from time to time and subscriptions can be made at the offices of [•], during the [•] week period commencing on [•]].

Subject as set out in Information Relating to the Underlying Asset in Section I, the Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1. Taxation

1.1 General

Transactions involving the securities (including purchases, transfers, exercise or non-exercise or redemption), the accrual or receipt of any interest or other equivalent revenue payable on the securities and the death of the holder of any securities may have tax consequences for potential purchasers or holders of the securities which may depend, amongst other things, upon the tax status of the potential purchaser and may relate to income tax, corporation tax, capital gains tax and inheritance tax.

No Luxembourg withholding tax will currently be assessed on such interest or other equivalent revenues payable on the securities.

Under current Luxembourg domestic law, no ad valorem stamp duties apply on the purchase or alienation of the securities.

This summary does not address all tax considerations under Luxembourg law, prospective purchasers of the securities should consult their professional advisers as to the tax consequences of the purchase, ownership and disposal of the securities, including in particular the effect of tax laws of any other jurisdiction.”

[1.2 taxation security - specific]

[Subject to completion with reference to the type of Securities issued]

[2. Subscription Period

In the Grand Duchy of Luxembourg, applications to subscribe for the Securities may be made at the offices of [•], during the period commencing on ● and ending on ●. However, the Issuer reserves the right for any reason to close the subscription period prior to its stated expiry.]

[3. Additional Selling Restrictions in the Grand Duchy of Luxembourg

No public offers or sales of any Securities, or distribution of any offering material relating to the Securities, may be made in or from the Grand Duchy of Luxembourg except for Securities listed on the Luxembourg Stock Exchange and the Securities for which the requirements of Luxembourg law concerning public offering of securities have been met]

4. Legal Notice and Listing

Prior to the listing of the Securities on the Luxembourg Stock Exchange, a legal notice relating to the issue and the constitutional document of the Issuer will have been filed with the Chief Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*) where such documents may be examined and copies obtained. The Luxembourg Stock Exchange has granted authorisation for a period of twelve months from the date of the Preliminary Offering Circular under number 12306, subject to application at the relevant time, to list Securities to be issued under the [Xavex] [Quings] [x-markets] Programme.

5. Notices

Notices to Securityholders shall be given in accordance with General Condition 4. In addition and, for so long as the Securities are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices will be published in a leading daily newspaper having general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*.

6. Settlement and Clearing

The Global Security will be deposited with [Clearstream AG] [a depository on behalf of the Clearing Agents] and has been accepted for clearing by it [and Clearstream AG] under security and clearing codes set out below.

ISIN: ●

Common Code: ●

7. Agent in the Grand Duchy of Luxembourg

In the Grand Duchy of Luxembourg, the Agent shall be Banque de Luxembourg. The Agent shall act as the warrant agent or paying agent as appropriate at the following address: 55 rue des Scillas, Howald L 2529, Luxembourg (Attention Custody Department)●

8. Documents Available

All documents required by the Luxembourg Stock Exchange as well as all future Annual Reports shall be available at the office of Deutsche Bank Luxembourg Branch, 2 Boulevard Konrad Adenauer, L – 1115 Luxembourg. Telephone +352.42122-1; Fax +352.42122-454

From the date hereof and for so long as Securities may be issued under the [Xavex] [Quings] [x-markets] Programme, copies of the Annual Report (including the Auditors' Opinion) and Interim Report of Deutsche Bank AG will, when published, be available from the registered office of the Issuer and its Luxembourg branch free of charge and the most recently published version of such documents shall be deemed to be incorporated in, and to form part of, the Preliminary Offering Circular.

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ISSUER

Deutsche Bank AG
Taunusanlage 12
D-60262 Frankfurt
Germany

Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2EQ
United Kingdom

AUDITORS

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft
Marie-Curie Strasse 30
D-60439 Frankfurt
Germany