

PRELIMINARY OFFERING CIRCULAR



Deutsche Bank AG [London]

[Public Offer of ][Up to] [Quantity] [X-PERT] [WAVE] [Discount] [DoubleChance] [Best Chance] [Winner] [Parachute] [Reverse Convertible] [Callable] [Conditional Coupon] [Certificates] [Warrants] [Notes] relating to *[insert details of the Underlying]*

Issued under its **X-markets** Programme

[Offer Price][Issue Price: [Amount] per [X-PERT] [WAVE] [Discount] [DoubleChance] [Best Chance] [Winner] [Parachute] [Reverse Convertible] [Callable] [Conditional Coupon] [Certificate] [Warrant] [Note]

[ISIN]

The issuer (the "Issuer") of the securities described in this Offering Circular is Deutsche Bank AG, Frankfurt am Main AG, which is incorporated under the laws of Germany [, acting through its London branch ("Deutsche Bank AG London"). Deutsche Bank AG London is registered as a foreign company in England and Wales.]

Under its X-markets Programme (the "Programme"), the Issuer may issue securities relating to shares and/or indices and/or debt securities and/or commodities and/or currencies and/or other assets. The Issuer has determined to issue [up to] [quantity] per [X-PERT] [WAVE] [Discount] [DoubleChance] [Best Chance] [Winner] [Parachute] [Reverse Convertible] [Callable] [Conditional Coupon] [certificates] [warrants] [notes] (the "Securities") relating to the [Shares] [Index] [Commodities] [Currency Amounts][Fund Shares][Certificates] [Debentures] 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" shall be construed as references to the [Shares] [Index] [Commodities] [Currency Amounts] [Fund Shares] [Certificates] [Debentures] 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. [The Issuer has requested certificates of mutual recognition in compliance with the EC Public Directive number 2001/34/EEC, as amended, for the Securities because it intends, in addition to a public offer in Luxembourg, to publicly offer the Securities in [ ] on that basis] For the purposes of compliance with the national laws and regulations concerning the offering and/or listing of the Securities outside [Germany] [ ] 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 [Clearstream Banking AG][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 subject to the regulations of any stock exchange on which the Securities may be listed. 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 the 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 and will not be and are not required to be registered under the United States Securities Act of 1933, as amended. The Securities may not be offered or sold except to persons located outside the United States. 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 3 July 2003 and provides information with respect to various types of financial instruments which are capable of issue under the Programme.[This Offering Circular constitutes, in relation to the Securities only, a completed version of the Preliminary Offering Circular and is dated [ ] [ ], [ ].]



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## 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 or any Agent. 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 which, if accepted by an investor, would result in a valid subscription or purchase with regard to the relevant Securities.*

*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.*

*This document 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 document 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. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual results of the Issuer or of the Securities to differ materially from those contained in any forward-looking statement.*



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*This section is a brief overview of the Product Conditions [and “Information Relating to the Underlying”] as set out in Section I. It is not a complete description of the Securities and should be read in conjunction with, and is subject to, the Product Conditions, the General Conditions and all other sections of this document*

## **[SECURITY DESCRIPTION]**

|   |  |
|---|--|
| <b>Issuer:</b>  | Deutsche Bank AG [London]  |
| <b>[Number] [Nominal Amount] of [Certificates] [Warrants] [Notes]:</b>                | [Up to][ ]   |
| <b>[Type]:</b>  | [Call] [Put] Warrants]   |
| <b>Underlying:</b>  | [Shares] [Index] [Commodities] [Currency Amounts][Fund Shares]Other / details of Basket]   |
| <b>Issue Price:</b>   | [Currency] [Amount]  |
| <b>Issue Date:</b>  | [ ]  |
| <b>[Primary Market End Date:]</b>   | [ ]  |
| <b>[Initial Reference Level:]</b>   | [Currency] [Amount]  |
| <b>[Final Reference Level:]</b>   | [ ]  |
| <b>[Coupon Reference Level]</b>   |  |
| <b>[Exercise Price:]</b>  | [Currency] [Amount]  |
| <b>[Multiplier:]</b>  | [•]  |
| <b>[Coupon Amount/Interest Amount:]</b>   | [ ] % [per annum]  |
| <b>[Interest Payment Date] [Coupon Payment Date]</b>                                  | [ ] and the] Maturity Date   |
| <b>[Exercise Date] [Exercise Period] [Maturity Date]:</b>                             | [ ]  |
| <b>Settlement:</b>  | [Cash Settlement] [Physical Settlement] [Cash Settlement or Physical Settlement at the Issuer’s option] [Cash Settlement or Physical Settlement at the Securityholders option] |
| <b>[Automatic Exercise:]</b>  | [Not] [Applicable]   |
| <b>[Settlement Date(s):]</b>  | [ ]  |
| <b>[Reference Currency]:</b>  | [ ]  |
| <b>Settlement Currency:</b>   | [Currency]   |
| <b>[Cash Settlement Amount] [Physical Settlement Amount][Redemption Cash Amount]:</b> | [ ] per Security   |
| <b>[Minimum [Return] [Delivery] Amount:]</b>  | [Currency] [Amount] [Quantity]   |
| <b>[Minimum Exercise Amount:]</b>   | [Quantity] Securities  |
| <b>[Maximum Exercise Amount:]</b>   | [Quantity] Securities  |
| <b>Minimum Trade Size</b>   | [•]  |
| <b>Listing</b>  | Application has been made to list the Securities on [•]  |
| <b>Calculation Agent:</b>   | The Issuer shall act as the Calculation Agent  |
| <b>Principal Agent:</b>   | [Deutsche Bank AG [London]]  |



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|                  |     |
|------------------|-----|
| [ISIN]           | [•] |
| [WKN]            | [•] |
| [Common Code]    | [•] |
| [Valoren]        | [•] |
| [•] <sup>1</sup> | [•] |

### **The Subscription Period**

Applications to subscribe for the Securities may be made until the Primary Market End Date as described in Section IV, 2.

### **[Cancellation of the Issuance of the Securities]**

The issuer reserves the right for any reason to cancel the issuance of the Securities [In Particular, the issuance of the Securities is conditional, amongst other matters, on the Issuer receiving valid subscriptions for Securities amounting to an aggregate subscription value of at least [•] on or prior to the Primary Market End Date. In the event that this condition is not satisfied, the Issuer may cancel the issuance of the Securities as of the Primary Market End Date.]

### **Early Closing of the Subscription of the Securities**

In accordance with Section IV, 2, the Issuer reserves the right for any reason to close the subscription period early. [If the aggregate subscription of the Securities at any time on any Business Day prior to the Primary Market End Date reaches [•], the Issuer will close the subscription of the Securities at such time on such Business Day, without any prior notification.

[•] (*insert product specific info*)

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<sup>1</sup> Complete summary overview with relevant definitions depending on the Security





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**[Product Specific Risk Factors]**



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## SECTION I PRODUCT INFORMATION

### TABLE OF TEMPLATES

#### **PRODUCT CONDITIONS 1-2-5-[6]**

Subject of this document are the following security types:

| Nr | Security                        | Feature                   | Class |
|----|---------------------------------|---------------------------|-------|
| 1  | Certificate type 1              | Single Underlying         | A     |
| 2  | Certificate type 2              | Single Underlying         | A     |
| 3  | Certificate type 2              | Basket                    | A     |
| 4  | Certificate type 3              | Single Underlying         | A     |
| 5  | Certificate type 4              | "HedgeSelect"             | A     |
| 6  | Warrant                         | Single Underlying         | B     |
| 7  | Warrant                         | Basket                    | B     |
| 8  | Warrant                         | MultiSeries               | B     |
| 9  | WAVE                            | Single Underlying         | B     |
| 10 | WAVE                            | MultiSeries               | B     |
| 11 | DoubleChance Certificate type 1 | Single Underlying         | C     |
| 12 | DoubleChance Certificate type 2 | Single Underlying         | C     |
| 13 | BestChance Certificate          | Single Underlying         | C     |
| 14 | Parachute Certificate           | Single Underlying         | C     |
| 15 | Winner Certificate              | Basket                    | C     |
| 16 | X-Pert Certificate              | Single Underlying         | C     |
| 17 | Discount Certificates           | Single Underlying         | C     |
| 18 | Note                            | Single Underlying         | D     |
| 19 | Note                            | Basket                    | D     |
| 20 | Note                            | Reverse Convertible       | D     |
| 21 | Note                            | Callable                  | D     |
| 22 | Note                            | Conditional Coupon type 1 | D     |
| 23 | Note                            | Conditional Coupon type 1 | D     |
| 24 | Note                            | Cliquet Periodic Return   | D     |
| 25 | Note                            | Exchangeable              |       |

#### **PRODUCT CONDITION 3**

The security types can be combined with the following templates for Product Condition 3:

| Security              | Settlement      | Exercise/Redemption   | Type         |
|-----------------------|-----------------|-----------------------|--------------|
| Warrant & Certificate | Cash & Physical | Automatic             | European     |
| Warrant & Certificate | Cash & Physical | Automatic             | Non European |
| Warrant & Certificate | Cash & Physical | Non Automatic         | European     |
| Warrant & Certificate | Cash & Physical | Non Automatic         | Non European |
| Warrant & Certificate | Cash            | Automatic & ROPTI     |              |
| Warrant & Certificate | Cash            | Automatic             | European     |
| Warrant & Certificate | Cash            | Automatic             | Non European |
| Warrant & Certificate | Cash            | Non Automatic         | European     |
| Warrant & Certificate | Cash            | Non Automatic         | Non European |
| Warrant & Certificate | Cash            | Non Automatic & ROPTI | Non European |
| Warrant & Certificate | Cash            | Non Automatic & ROPTI | European     |
| Note                  | Cash            |                       |              |
| Note                  | Cash & Physical |                       |              |
| Note                  | Cash            | ROPTI                 |              |



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**PRODUCT CONDITION 4**

The security types can further be combined with the following templates for Product Condition 4:

| <b>Adjustment Provisions</b> |
|------------------------------|
|------------------------------|

|                   |
|-------------------|
| Share             |
| Share Replacement |
| Index             |
| Index Replacement |
| Fund Shares       |
| Commodities       |
| Currencies        |
| Other Securities  |





**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**1.**

**SINGLE UNDERLYING LINKED CERTIFICATES (Type 1)**



*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [*If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [*If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

"**Annual Management Fee**" means [●] percent;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business [and for the purpose of making payments in euro any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open] [●];

"**Calculation Agent**" means the Issuer, subject to the provisions of General Condition 5;

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows: *Update formula as applicable*

$$[X] \times \left( \frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right) \left[ \text{Insert if needed} : \times (100\% - [x \times] [\text{Annual}] \text{Management Fee}) \right]$$

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 [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depository holding the Global Security on behalf of the Clearing Agent);

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

**"Exchange Rate"** means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

**"Exercise Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;

**"Exercise Notice"** means the notice described in Product Condition 3;

*[If the Final Reference Level is determined on one single day insert:*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Final Reference Level is determined on several consecutive days insert:*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is weekly, monthly, quarterly or annual insert:*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates [as determined by the Calculation Agent and without regard to any subsequently published correction]<sup>1</sup> [(having regard to any correction thereto published before the last occurring Valuation Date but without regard to any correction published on or after the last occurring Valuation Date), all as determined by the Calculation Agent]<sup>2</sup>;]

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

*[If the Initial Reference Level is fixed before issuance insert:*

**"Initial Reference Level"** means, subject to Product Condition 4, [●];]

*[If the Initial Reference Level is determined on one single day insert:*

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation

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<sup>1</sup> Insert if subsequent corrections of the Reference Levels are not to be taken into account.

<sup>2</sup> Insert if subsequent corrections of the Reference Levels are to be taken into account.

Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is weekly, monthly, quarterly or annual insert:*

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates [as determined by the Calculation Agent and without regard to any subsequently published correction]<sup>1</sup> or [(having regard to any correction thereto published before the last occurring Initial Reference Valuation Date but without regard to any correction published on or after the last occurring Initial Reference Valuation Date), all as determined by the Calculation Agent]<sup>2</sup>;

*[If the Initial Reference Level is determined on one single day insert:*

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Valuation Date"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the fifth<sup>3</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference

<sup>1</sup> Insert if subsequent corrections of the Reference Levels are not to be taken into account.

<sup>2</sup> Insert if subsequent corrections of the Reference Levels are to be taken into account.

<sup>3</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is weekly insert:*

**"Initial Reference Valuation Date"** means the [●] Trading Day of each week from and including [●] up to and including [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the sixth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that sixth Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that sixth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is monthly/quarterly/annually insert:*

**"Initial Reference Valuation Date"** means the [[●] [Trading Day] [calendar day] of each [month/quarter/year] from and including [●] up to and including [●]][[●] or, if any such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If such day has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several (1) consecutive days or (2) non-consecutive days and the frequency of which is weekly insert:*

**"Initial Reference Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

*[Insert if needed:*

"Integral Exercise Amount" means [●] Securities;]

*[Insert if needed:]*

"Issue Date" means [●];]

"Issuer" means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

"Primary Market End Date" means [●] or, if such day is not a Business Day, the first succeeding Business Day;

*[If the Settlement Currency is not the same as the Reference Currency insert:]*

"Reference Currency" means [●];]

*[If all Reference Levels are determined in the same manner and the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security insert:]*

"Reference Level" means, in respect of any day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>1</sup> equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>2</sup> on such day [●], as determined by the Calculation Agent;]

*[If the Initial and Final Reference Level are not determined in the same manner and the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security insert:]*

"Reference Level" means, in respect of:

- 1) [a[n]/the] [Initial Reference] [Valuation] Date, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>3</sup> calculated by the Calculation Agent [in the same manner as the sponsor of the Underlying, as specified under "Underlying" below, would calculate the [●] [official closing] [price] [level] of the Underlying on such day, except that in making such calculation the Calculation Agent shall substitute [●] for [●]] [to be equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>4</sup> on such day, [●]]; and
- 2) any other day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>5</sup> equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>6</sup> on such day, as determined by the Calculation Agent;]

*[If all Reference Levels are determined in the same manner and the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:]*

"Reference Level" means, in respect of any day, subject to Product Condition 4, an amount, as determined by the Calculation Agent, equal to the quotient of:

<sup>1</sup> Insert if the Security is a quanto security.

<sup>2</sup> Insert mode for determination of the Reference Level.

<sup>3</sup> Insert if the Security is a quanto security.

<sup>4</sup> Insert mode for determination of the Reference Level.

<sup>5</sup> Insert if the Security is a quanto security.

<sup>6</sup> Insert mode for determination of the Reference Level.



- 1) the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> [●] on such day (as numerator); and
- 2) the Exchange Rate on such day (as denominator);]

*[If the Initial and Final Reference Level are not determined in the same manner and the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:]*

**"Reference Level"** means, in respect of:

- 1) [a[n]/the] [Initial Reference] [Valuation] [Exercise] Date, subject to Product Condition 4, an amount as determined by the Calculation Agent, equal to the quotient of
  - a) the Reference Level for such [Initial Reference] Valuation Date calculated by the Calculation Agent [in the same manner as the sponsor of the Underlying, as specified in the table under "Underlying" below, would calculate the [●] [official closing] [price] [level] of the Underlying on such day, except that in making such calculation the Calculation Agent shall substitute [●] for [●]] [to be equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>2</sup> on such day, [●]] (as numerator); and
  - b) the Exchange Rate on such day (as denominator);
- 2) any other day, subject to Product Condition 4, an amount as determined by the Calculation Agent, equal to the quotient of
  - a) the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> on such day (as numerator); and
  - b) the Exchange Rate on such day (as denominator);]

**"Reference Source"** means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, all as determined by the Calculation Agent;

**"Securities"** means up to [●] certificates relating to the Underlying 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 [●];

**"Settlement Date"** means in respect of a Security and its Exercise Date, the fifth Business Day following the relevant Valuation Date or, if there is more than one Valuation Date, the last occurring relevant 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 for each Reference Source, provided that trading day shall mean

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<sup>1</sup> Insert mode for determination of the Reference Level.

<sup>2</sup> Insert mode for determination of the Reference Level.



**[If any Reference Source is an exchange or trading system insert 1:]**

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

**[If any Reference Source is not an exchange or trading system insert 2:]**

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];]

**"Underlying"** means the following [index] [share] [other security] [fund share] [commodity] [currency amount]:

| Type of Underlying | Name of Underlying                        | Sponsor or Issuer of Underlying | Reference Source  |
|--------------------|---|---------------------------------|---|
| [Index]            | [EuroLeader]                              | [Deutsche Bank AG]              | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |
| [Index]            | [DAX]                                     | [Deutsche Börse AG]             | [Frankfurt Stock Exchange]  |
| [Share]            | [Ordinary Share/common stock & ISIN etc.] |                                 |   |
| [Other Security]   |   |                                 |   |
| [Fund Share]       |   |                                 |   |
| [Commodity]        | [Fine Troy of Gold]                       | [Non applicable]                | [London Metal Exchange]   |
| [Currency Amount]  |   |                                 |   |

**[If the Final Reference Level is determined on one single day insert:]**

<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.

**"Valuation Date"** means [the [●] Trading Day following the Exercise Date] [the Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level is determined on several consecutive days insert:*

**"Valuation Date"** means [each of the first ●] [●] Trading Days following the [Exercise Date] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is weekly insert:*

**"Valuation Date"** means the [●] Trading Day of each week from and including [●] up to and including [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the sixth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that sixth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that sixth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is monthly/quarterly/annually insert:*

**"Valuation Date"** means the [●] [Trading Day] [calendar day] of each [month/quarter/year] from and including [●] up to and including [●] [[●] or, if any such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If such day has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level is determined on several (1) consecutive days or (2) non-consecutive days and the frequency of which is weekly insert:*

**"Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters 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

*Insert Product Condition 3 template warrants and certificates cash settlement only*

**4. Adjustment Provisions**

*Insert Product Condition 4 template for relevant Underlying*

**5. Governing Law**

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

**INFORMATION RELATING TO THE UNDERLYING**



**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**2.**

**SINGLE UNDERLYING LINKED CERTIFICATES (Type 2)**





*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through *[If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] *[If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

*[If Settlement is cash only insert:*

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, if applicable any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;]

*[If Settlement is not cash only insert:*

"**Business Day**" means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and (ii) if applicable, in relation to delivery of the Physical Settlement Amount [a day on which the Physical Delivery Clearing System is open for business/*specify relevant business day for other physical delivery method*];

"**Calculation Agent**" means the Issuer, subject to the provisions of General Condition 5;

*[If the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security insert:*

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows:

Final Reference Level x Multiplier

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;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

**"Cash Settlement Amount"** means, with respect to each Security, an amount determined by the Calculation Agent as follows:

Final Reference Level x Multiplier

converted into the Settlement Currency at the Exchange Rate on the [Valuation Date] [last occurring Valuation Date] [●].

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 [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depository holding the Global Security on behalf of the Clearing Agent);

*[If Settlement is not cash only insert:*

**"Delivery Details"** means [the account details of the Securityholder's securities account with [●] (the **"Physical Delivery Clearing System"**) for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/*specify other relevant details for physical delivery method*];]

*[If Settlement is not cash only insert:*

**"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 taking into account the value of any Physical Settlement Units delivered less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer acting in a reasonable manner;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

**"Exchange Rate"** means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]*[If European style insert:*

**"Exercise Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;]*[If American style insert:*

**"Exercise Date"** means any Business Day during the Exercise Period;

"**Exercise Period**" means the period commencing on (and [excluding][including]) [●] up to and (and [excluding][including]) [●] or, if such day is not a Business Day, the first succeeding Business Day;

*If Bermudan style insert:*

"**Exercise Date**" means [the [first] [last] [●] Business Day of each [week] [calendar month] [quarter] [year] [●] during the Exercise Period] [[●] *insert range of specific dates*];

["**Exercise Period**" means the period commencing on (and [excluding][including]) [●] up to and (and [excluding][including]) [●] or, if such day is not a Business Day, the first succeeding Business Day;]

"**Exercise Notice**" means the notice described in Product Condition 3;

*If the Final Reference Level is determined on one single day insert:*

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*If the Final Reference Level is determined on several days insert:*

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

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

*If the Multiplier is determined on the basis of the Initial Reference Level, insert:*

*If the Initial Reference Level is determined on one single day insert:*

"**Initial Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*If the Initial Reference Level is determined on several days insert:*

"**Initial Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

*If the Initial Reference Level is determined on one single day insert:*

"**Initial Reference Valuation Date**" means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which,

but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

***[If the Initial Reference Level is determined on several consecutive days insert:***

**"Initial Reference Valuation Date"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth<sup>1</sup> Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

***[If the Initial Reference Level is determined on several consecutive days insert:***

**"Initial Reference Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

***[Insert if needed:***

**"Integral Exercise Amount"** means [●] Securities;]

***[Insert if needed:***

**"Issue Date"** means [●];]

**"Issuer"** means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

***[Except for European Style Securities insert if needed:***

**"Maximum Exercise Amount"** means [● Securities];]

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

*[Except for European Style Securities where automatic exercise applies insert if needed:*

**"Minimum Exercise Amount"** means [● Securities];]

*[If the Multiplier is not determined on the basis of the Initial Reference Level, insert:*

**"Multiplier"** means [●], subject to adjustment in accordance with Product Condition 4;]

*[If the Multiplier is determined on the basis of the Initial Reference Level, insert:*

**"Multiplier"** means the quotient of:

- 1) [●] (as numerator); and
  - 2) the Initial Reference Level (as denominator)
- subject to adjustment in accordance with Product Condition 4;]

*[If the issuer has the right to select either Cash Settlement or Physical Settlement insert:*

**"Notice Period"** means [●] days;]

*[If the Underlying is share, other security, fund share or currency amount and if Settlement is not cash only insert:*

**"Physical Settlement Amount"** means [●] unit[s] of the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount;]

*[If the Underlying is index, commodity and if Settlement is not cash only insert:*

**"Physical Settlement Amount"** means [●] unit[s] of [●] [certificate (s) relating to [●] the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount;]] *[If the Multiplier is determined on the basis of the Initial Reference Level, insert:*

"**Primary Market End Date**" means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert*

"**Reference Currency**" means [●][the lawful currency of ● ];]

*[If the Initial and Final Reference Level are determined in the same manner insert:*

"**Reference Level**" means, in respect of any day, subject to Product Condition 4, an amount (which shall be deemed to be a monetary value in the [Settlement]<sup>1</sup> [Reference]<sup>2</sup> Currency) equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>3</sup> on such day [●], as determined by the Calculation Agent;]

*[If the Initial and Final Reference Level are not determined in the same manner insert:*

"**Reference Level**" means, in respect of:

- 1) [a[n]/the] [Initial Reference] [Valuation] Date, subject to Product Condition 4, an amount (which shall be deemed to be a monetary value in the [Settlement]<sup>4</sup> [Reference]<sup>5</sup> Currency) calculated by the Calculation Agent [in the same manner as the sponsor of the Underlying, as specified in the table under "Underlying" below, would calculate the [●] [official closing] [price] [level] of the Underlying on such day, except that in making such calculation the Calculation Agent shall substitute [●] for [●]] [to be equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>6</sup> on such day, [●]]; and
- 2) any other day, subject to Product Condition 4, an amount (which shall be deemed to be a monetary value in the [Settlement]<sup>7</sup> [Reference]<sup>8</sup> Currency) equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>9</sup> on such day, as determined by the Calculation Agent;]

"**Reference Source**" means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

"**Securities**" means [up to] [●] certificates relating to the Underlying represented by the Global Security and each a "**Security**";

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<sup>1</sup> Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

<sup>2</sup> If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert.

<sup>3</sup> Insert mode for determination of the Reference Level.

<sup>4</sup> Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

<sup>5</sup> If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert.

<sup>6</sup> Insert mode for determination of the Reference Level.

<sup>7</sup> Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

<sup>8</sup> If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert.

<sup>9</sup> Insert mode for determination of the Reference Level.



**"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;

*[If the Securities are cash settled only insert:]*

**"Settlement"** means cash settlement ("**Cash Settlement**");]

*[If the Securities are physically settled only insert:]*

**"Settlement"** means physical settlement ("**Physical Settlement**");]

*[If the Securities are cash or physically settled at a securityholder's choice insert:]*

**"Settlement"** means, in respect of a Security

1. if the Securityholder has specified, in its Exercise Notice, that Physical Settlement shall apply, physical settlement ("**Physical Settlement**"), or
2. otherwise, cash settlement ("**Cash Settlement**");]

*[If the Securities are cash or physically settled at the issuer's choice insert:]*

**"Settlement"** means

1. if the Issuer has selected, in its full discretion and in accordance with Product Condition 3, that Physical Settlement shall apply, physical settlement ("**Physical Settlement**"), or
2. otherwise, cash settlement ("**Cash Settlement**");]

**"Settlement Currency"** means [●];

**"Settlement Date"** means in respect of a Security and its Exercise Date, the fifth Business Day following the relevant Valuation Date or, if there is more than one Valuation Date, the last occurring relevant Valuation Date;

*[If the Securities are not cash settled only insert:]*

**"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 a Physical Settlement Unit in accordance with such market method as it decides at the relevant time for delivery of the relevant Physical Settlement Unit;]

**"Trading Day"** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

*[If any Reference Source is an exchange or trading system insert 1:]*

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

*[If any Reference Source is not an exchange or trading system insert 1:]*

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<sup>1</sup> Insert both alternatives if applicable.

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

"**Underlying**" means the following [index] [share] [other security] [fund share] [commodity] [currency amount]:

| Type of Underlying | Name of Underlying                        | Sponsor or Issuer of Underlying | Reference Source  |
|--------------------|---|---------------------------------|---|
| [Index]            | [EuroLeader]                              | [Deutsche Bank AG]              | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |
| [Index]            | [DAX]                                     | [Deutsche Börse AG]             | [Frankfurt Stock Exchange]  |
| [Share]            | [Ordinary Share/common stock & ISIN etc.] |                                 |   |
| [Other Security]   |   |                                 |   |
| [Fund Share]       |   |                                 |   |
| [Commodity]        | [Fine Troy of Gold]                       | [Non applicable]                | [London Metal Exchange]   |
| [Currency Amount]  |   |                                 |   |

**[If the Final Reference Level is determined on one single day insert:]**

"**Valuation Date**" means [the [●] Trading Day following the [relevant Exercise Date] [the [relevant Exercise] Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence

<sup>1</sup> Insert both alternatives if applicable.



of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Securities are European and the Final Reference Level is determined on several consecutive days insert:*

**"Valuation Date"** means [each of the first ●][●] [Trading Days] [calendar days] following the [Exercise Date for such Security] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

*[If the Securities are European and the Final Reference Level is determined on several consecutive days insert:*

**"Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters 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

*Insert Product Condition 3 template for cash or physical Warrants & Certificates*

### 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

### 5. Governing Law

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

**INFORMATION RELATING TO THE UNDERLYING**



**BASKET LINKED CERTIFICATES (Type 2)**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**3.**

**BASKET LINKED CERTIFICATES (Type 2)**

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## BASKET LINKED CERTIFICATES (Type 2)

*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [If Deutsche Bank AG London is Issuer insert: its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [If Deutsche Bank AG Frankfurt is Issuer insert: its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

"**Basket**" means a basket of assets comprised as follows:

| Type of Basket Constituent | Name of Basket Constituent                | Sponsor or Issuer of Basket Constituent | [Reference Source]  | Security Code / ISIN of Basket Constituent |
|----------------------------|---|---|---|--|
| [Index]                    | [EuroLeader]                              | [Deutsche Bank AG]                      | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] | [Non applicable]                           |
| [Index]                    | [DAX]                                     | [Deutsche Boerse AG]                    | [Frankfurt Stock Exchange]  | [Non applicable]                           |
| [Share]                    | [Ordinary Share/common stock & ISIN etc.] |   |   |  |
| [Other Security]           |   |   |   |  |
| [Fund Share]               |   |   |   |  |
| [Commodity]                | [Fine Troy of Gold]                       | [Non applicable]                        | [London Metal Exchange]   | [Non applicable]                           |
| [Currency Amount]          |   |   |   |  |

## BASKET LINKED CERTIFICATES (Type 2)

| Name of Basket Constituent | Basket Constituent Percentage Weight | Basket Constituent Multiplier | [Reference Currency] | [Time of Exchange Rate determination] |
|----------------------------|--------------------------------------|-------------------------------|----------------------|---------------------------------------|
| [●]                        | [●]                                  | [●]                           | [●]                  | [●]                                   |
| [●]                        | [●]                                  | [●]                           | [●]                  | [●]                                   |

| Name of Basket Constituent | Reference Level determination                             |
|----------------------------|---|
| [●]                        | [Auction, Closing, Open price, traded price] <sup>1</sup> |
| [●]                        | [●]   |

**"Basket Constituent"** means each of the assets as defined in "Basket" above, subject to adjustment in accordance with Product Conditions 4;

**"Basket Constituent Level"** means in respect of any day, subject to Product Condition 4, an amount equal to the price or level of the Basket Constituent determined in the manner as defined in the column "Reference Level determination" in "Basket" above, all as determined by the Calculation Agent;

***[If the Basket Multipliers are known prior to the issue date insert:***

**"Basket Constituent Multiplier"** means in relation to each Basket Constituent a number as defined in "Basket" above, subject to adjustment in accordance with Product Condition 4;]

***[If the Basket Multipliers are not known prior to the issue date and all Reference Currencies are equal to the Settlement Currency or the Security is a quanto security insert:***

**"Basket Constituent Multiplier"** means in relation to each Basket Constituent a number equal to the quotient of:

- 1) the relevant Basket Constituent Percentage Weight (as numerator); and
- 2) the [Basket Constituent Level] [●] on [●] [or, if such day is not a Trading Day, the first succeeding Trading Day] (as denominator);]

***[If the Basket Multipliers are not known prior to the issue date and the Settlement Currency is not equal to the Reference Currency and the Security is not a quanto security insert:***

**"Basket Constituent Multiplier"** means in relation to each Basket Constituent a number equal to the quotient of:

- 1) the product of (as numerator):
  - a) the relevant Basket Constituent Percentage Weight; and
  - b) [the Exchange Rate of the relevant Reference Currency on [●]] [●]

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<sup>1</sup> Insert mode for determination of the Reference Level.



## BASKET LINKED CERTIFICATES (Type 2)

2) the [Basket Constituent Level] [●] on [●] [or, if such day is not a Trading Day, the first succeeding Trading Day] (as denominator);]

**"Basket Constituent Percentage Weight"** means, in relation to each Basket Constituent, a number as defined for such Basket Constituent in the column "Basket Constituent Percentage Weight" in "Basket" above;

**[If Settlement is cash only insert:**

**"Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and ●] and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, and if applicable any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;]

**[If Settlement is not cash only insert:**

**"Business Day"** means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and ●] and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and (ii) if applicable, in relation to delivery of the Physical Settlement Amount [a day on which the Physical Delivery Clearing System is open for business/specify relevant business day for other physical delivery method];]

**"Calculation Agent"** means the Issuer, subject to the provisions of General Condition 5;

**"Cash Settlement Amount"** means, with respect to each Security, an amount determined by the Calculation Agent as follows:

$$\text{Final Reference Level} \times \text{Multiplier}$$

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 [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent);

**[If Settlement is not cash only insert:**

**"Delivery Details"** means [the account details of the Securityholder's securities account with [●] (the **"Physical Delivery Clearing System"**) for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/specify other relevant details for physical delivery method];]

**[If Settlement is not cash only insert:**

**"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 taking into account the value of any Physical Settlement Units delivered less the cost

## BASKET LINKED CERTIFICATES (Type 2)

to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer acting in a reasonable manner;]

*[If the Settlement Currency is not the same as all the Reference Currencies and if the Security is not a quanto security insert:]*

**"Exchange Rate"** means in relation to each Basket Constituent and in respect of any day, the rate of exchange prevailing at the time as defined in the column "Time of Exchange Rate determination" in "Basket" above (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]*[If European style insert:]*

**"Exercise Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day]]

*[If American style insert:]*

**"Exercise Date"** means any Business Day during the Exercise Period;

**"Exercise Period"** means the period commencing on (and [excluding][including]) [●] up to and (and [excluding][including]) [●] or, if such day is not a Business Day, the first succeeding Business Day;]

*[If Bermudan style insert:]*

**"Exercise Date"** means [the [first] [last] [●] Business Day of each [week] [calendar month] [quarter] [year] [●] during the Exercise Period] [[●] *insert range of specific dates*];]

**"Exercise Period"** means the period commencing on (and [excluding][including]) [●] up to and (and [excluding][including]) [●] or, if such day is not a Business Day, the first succeeding Business Day;]

**"Exercise Notice"** means the notice described in Product Condition 3;

*[If the Final Reference Level is determined on one single day insert:]*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Final Reference Level is determined on several days insert:]*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

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

*[If the Multiplier is determined on the basis of the Initial Reference Level, insert:]*

*[If the Initial Reference Level is determined on one single day insert:]*

## BASKET LINKED CERTIFICATES (Type 2)

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several days insert:*

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on one single day and the valuations in the event of market disruption will be done in relation to the basket as a whole insert:*

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on one single day and the valuations in the event of market disruption will be done in relation to each constituent in the basket insert:*

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on any such day, then the relevant Initial Reference Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Initial Reference Valuation Date and the Initial Reference Valuation Date for each Underlying affected (each an **"Initially Affected Item"**) by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Initially Affected Item, unless there is a Market Disruption Event relating to the Initially Affected Item occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Initial Reference Valuation Date. In that case (A) the fifth Trading Day shall be deemed to be the Initial Reference Valuation Date for the Initially Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Initially Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last

## BASKET LINKED CERTIFICATES (Type 2)

reported, published or traded price or level of the Initially Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days and the valuations in the event of market disruption will be done in relation to the basket as a whole insert:]*

**"Initial Reference Valuation Date"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth<sup>2</sup> Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days and the valuations in the event of market disruption will be done in relation to each constituent in the basket insert:]*

**"Initial Reference Valuation Dates"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Initial Reference Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Initial Reference Valuation Date and the Initial Reference Valuation Date for each Underlying affected (each an **"Initially Affected Item"**) by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Initially Affected Item, unless there is a Market Disruption Event relating to the Initially Affected Item occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been that Initial Reference Valuation Date. In that case (A) the fifth Trading Day shall be deemed to be that Initial Reference Valuation Date for the Initially Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Initially Af-

<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>2</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

## BASKET LINKED CERTIFICATES (Type 2)

affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Initially Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days insert:]*

**"Initial Reference Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

*[Insert if needed:]*

**"Integral Exercise Amount"** means [●] Securities;]

*[Insert if needed:]*

**"Issue Date"** means [●];]

**"Issuer"** means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

*[Except for European Style Securities insert if needed:]*

**"Maximum Exercise Amount"** means [● Securities];]

*[Except for European Style Securities insert if needed:]*

**"Minimum Exercise Amount"** means [● Securities];]

*[If the Multiplier is not determined on the basis of the Initial Reference Level, insert:]*

**"Multiplier"** means [●], subject to adjustment in accordance with Product Condition 4;]

*[If the Multiplier is determined on the basis of the Initial Reference Level, insert:]*

**"Multiplier"** means the quotient of:

- 1) [●] (as numerator); and
- 2) the Initial Reference Level (as denominator)

subject to adjustment in accordance with Product Condition 4;]

*[If the issuer has the right to select either Cash Settlement or Physical Settlement insert:]*

**"Notice Period"** means [●] days;]

*[If the Underlying is share, other security, fund share or currency amount and if Settlement is not cash only insert:]*

**"Physical Settlement Amount"** means an amount comprising all Basket Constituents (each a **"Physical Settlement Unit"**), each represented with a number of units equal to the Basket Constituent Multiplier for the relevant Basket Constituent, multiplied with the [Multiplier] [●], [provided that such number, for each Physical Settlement Unit, will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the relevant number for each Physical Settlement Unit, [provided that the aggregate number, in respect of the same Securityholder, will be rounded down to the near-

## BASKET LINKED CERTIFICATES (Type 2)

est whole number.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the sum of the products of the remaining fraction of each Physical Settlement Unit and the [●] of the respective Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

**[If the Underlying is index, commodity and if Settlement is not cash only insert:**

**"Physical Settlement Amount"** means an amount comprising the following [●] [certificate(s) each relating to a] [●] Basket Constituent[s] (each a **"Physical Settlement Unit"**):

| Name of Basket Constituent | Name of [certificate] [●] | WKN/ISIN | Number of Units |
|----------------------------|---------------------------|----------|-----------------|
| [●]                        | [●]                       | [●]      | [●]             |
| [●]                        | [●]                       | [●]      | [●]             |

each represented with a number of units equal to the Basket Constituent Multiplier for the relevant Basket Constituent, multiplied with the Number of Units for each Basket Constituent and with the [Multiplier] [●], [provided that such number, for each Physical Settlement Unit, will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the relevant number for each Physical Settlement Unit, [provided that the aggregate number, in respect of the same Securityholder, will be rounded down to the nearest whole number.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the sum of the products of the remaining fraction of each Physical Settlement Unit and the [●] of the respective Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

**[If the Multiplier is determined on the basis of the Initial Reference Level, insert:**

**"Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

**[If the Settlement Currency is not the same as the Reference Currency insert:**

**"Reference Currency"** means, in relation to a Basket Constituent, the currency specified to be Reference Currency in the table in "Basket" above;]

**[If the Settlement Currency is the same as all Reference Currencies or the Security is a quanto security insert:**

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>1</sup> determined by the Calculation Agent equal to the sum of the products for each Basket Constituent of:

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<sup>1</sup> Insert when Security is a quanto security.



## BASKET LINKED CERTIFICATES (Type 2)

- 1) the [Basket Constituent Level for each Basket Constituent] [●] on [●] [or, if such day is not a Trading Day, the first succeeding Trading Day]; and
- 2) the Basket Constituent Multiplier of the Basket Constituent on such day.

As a formula:

$$\text{Reference Level}_t = \sum_i^n P_{i,t} \times \text{BCM}_{i,t}$$

where:

- |                    |   |   |
|--------------------|---|---|
| n                  | = | number of Basket Constituents in the Basket |
| $P_{i,t}$          | = | the Basket Constituent Level i on day t     |
| $\text{BCM}_{i,t}$ | = | Basket Constituent Multiplier i on day t]   |

***If the Settlement Currency is not the same as all Reference Currencies and the Security is not a quanto security insert:***

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount determined by the Calculation Agent equal to the sum of the products for each Basket Constituent of:

- 1) the [Basket Constituent Level for each Basket Constituent] [●] on [●] [or, if such day is not a Trading Day, the first succeeding Trading Day] on such day; and
- 2) the quotient of
  - a) the Basket Constituent Multiplier of each Basket Constituent on such day (as numerator) ; and
  - b) the Exchange Rate of each Basket Constituent on such day (as denominator).

As a formula:

$$\text{Reference Level}_t = \sum_i^n P_{i,t} \times \frac{\text{BCM}_{i,t}}{\text{ER}_{i,t}}$$

where:

- |                    |   |   |
|--------------------|---|---|
| n                  | = | number of Basket Constituents in the Basket |
| $P_{i,t}$          | = | the Basket Constituent Level i on day t     |
| $\text{BCM}_{i,t}$ | = | Basket Constituent Multiplier i on day t    |
| $\text{ER}_{i,t}$  | = | Exchange Rate i on day t;]                  |

**"Reference Source"** means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

**"Securities"** means up to [●] certificates relating to the Underlying 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

## BASKET LINKED CERTIFICATES (Type 2)

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;

*[If the Securities are cash settled only insert:]*

"**Settlement**" means cash settlement ("**Cash Settlement**");]

*[If the Securities are physically settled only insert:]*

"**Settlement**" means physical settlement ("**Physical Settlement**");]

*[If the Securities are cash or physically settled at the Securityholders choice insert:]*

"**Settlement**" means, in respect of a Security

1. if the Securityholder has specified, in its Exercise Notice, that Physical Settlement shall apply, physical settlement ("**Physical Settlement**"), or
2. otherwise, cash settlement ("**Cash Settlement**");]

*[If the Securities are cash or physically settled at the issuer's choice insert:]*

"**Settlement**" means

1. if the Issuer has selected, in its full discretion and in accordance with Product Condition 3, that Physical Settlement shall apply, physical settlement ("**Physical Settlement**"), or
2. otherwise, cash settlement ("**Cash Settlement**");]

"**Settlement Currency**" means [●];

"**Settlement Date**" means in respect of a Security and its Exercise Date, the fifth Business Day following the relevant Valuation Date or, if there is more than one Valuation Date, the last occurring relevant Valuation Date;

*[If the Securities are not cash settled only insert:]*

"**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 a Physical Settlement Unit in accordance with such market method as it decides at the relevant time for delivery of the relevant Physical Settlement Unit;]

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

*[If any Reference Source is an exchange or trading system insert <sup>1</sup>:*

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

*[If any Reference Source is not an exchange or trading system insert <sup>2</sup>:*

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

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<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.



## BASKET LINKED CERTIFICATES (Type 2)

"Underlying" means the [●] basket as defined in "Basket" above;

*[If the Final Reference Level is determined on one single day and the valuations in the event of market disruption will be done in relation to the basket as a whole insert:*

"Valuation Date" means [the [●] Trading Day following the relevant Exercise Date] [the relevant Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth<sup>2</sup> Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level is determined on one single day and the valuations in the event of market disruption will be done in relation to each constituent in the basket :*

"Valuation Date" means [the [●] Trading Day following the relevant Exercise Date] [the relevant Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the relevant Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Valuation Date and the Valuation Date for each Underlying affected (each an "**Affected Item**") by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Affected Item, unless there is a Market Disruption Event relating to the Affected Item 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 then (A) the fifth Trading Day shall be deemed to be the Valuation Date for the Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Affected Item and such other factors as the Calculation Agent considers relevant.]

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>2</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

## BASKET LINKED CERTIFICATES (Type 2)

*If the Securities are European and the Final Reference Level is determined on several consecutive days and the valuations in the event of market disruption will be done in relation to the basket as a whole, insert:*

**"Valuation Date"** means [each of the first [●][●] [Trading Days] [calendar days] following the [Exercise Date for such Security] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth<sup>2</sup> Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth<sup>3</sup> Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

*If the Securities are European and the Final Reference Level is determined on several consecutive days and the valuations in the event of market disruption will be done in relation to each constituent in the basket, insert:*

**"Valuation Date"** means [each of the first [●][●] [Trading Days] [calendar days] following the [Exercise Date for such Security] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Valuation Date and the Valuation Date for each Underlying affected (each an "**Affected Item**") by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Affected Item, unless there is a Market Disruption Event relating to the Affected Item 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 then (A) the fifth Trading Day shall be deemed to be the Valuation Date for the Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market

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<sup>1</sup> If there are more than five Valuation Dates than this number should be replaced by the number of Valuation Dates. If for example there are six Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>2</sup> If there are more than five Valuation Dates than this number should be replaced by the number of Valuation Dates. If for example there are six Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>3</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

## BASKET LINKED CERTIFICATES (Type 2)

conditions, the last reported, published or traded price or level of the Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Securities are European and the Final Reference Level is determined on several consecutive days insert:*

**"Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters 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

*Insert Product Condition 3 template for cash or physical Warrants & Certificates*

### 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

### 5. Governing Law

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

BASKET LINKED CERTIFICATES (Type 2)

**INFORMATION RELATING TO THE UNDERLYING**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**4.**

**SINGLE UNDERLYING LINKED CERTIFICATES (Type 3)**



*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [If Deutsche Bank AG London is Issuer insert: its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [If Deutsche Bank AG Frankfurt is Issuer insert: its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

"**Annual Management Fee**" means [●] per cent;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business [and for the purpose of making payments in euro any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open] [●];

"**Calculation Agent**" means the Issuer, subject to the provisions of General Condition 5;

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent equal to the Valuation Amount on the last occurring Valuation Date. 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 [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent);

[Insert if needed:

"**Closing Price**" is as defined in "Information Relating to the Underlying Asset" attached hereto;]

[Insert if needed:

**"Closing Level"** is as defined in "Information Relating to the Underlying Asset" attached hereto;]

**"Constituent"** is as defined in "Information Relating to the Underlying Asset" attached hereto;

**"Constituent Percentage Weight"** means, in relation to a [●] [USD] Constituent and in respect of a Valuation Date, a number expressed as a percentage equal to the quotient of:

- 1) the product of (as a numerator)
  - a) the Weight of the [●] [USD] Constituent on the relevant Valuation Date; and
  - b) the Closing Price or Closing Level, as applicable, of the [●] [USD] Constituent on the relevant Valuation Date;
- 2) the Reference Level on the relevant Valuation Date (as a denominator);

**"Currency Amount"** means, in respect of each Valuation Date other than the first Valuation Date, an amount expressed in the Settlement Currency determined by the Calculation Agent to be equal to the product of:

- 1) the Currency Valuation Amount on the relevant Valuation Date; and
- 2) the difference between ((a) minus (b)):

where:

- a) equals the quotient of:
  - i) the Spot Exchange Rate on the immediately preceding Valuation Date (as a numerator); and
  - ii) the Forward Valuation Exchange Rate in respect of the relevant Valuation Date (as a denominator) ; and
- b) equals the quotient of:
  - i) the Spot Exchange Rate on the immediately preceding Valuation Date (as a numerator); and
  - ii) the Spot Exchange Rate on the Related Scheduled Valuation Date (as a denominator).

As a formula:

$$\text{Currency Amount} = \text{Currency Valuation Amount} \times \left[ \frac{\text{PSER}}{\text{FVER}} - \frac{\text{PSER}}{\text{SER}} \right]$$

where:

- |        |  |
|--------|--|
| PSER = | Spot Exchange Rate on the immediately preceding Valuation Date |
| FVER = | Forward Valuation Exchange Rate on the relevant Valuation Date |
| SER =  | Spot Exchange Rate on the Related Scheduled Valuation Date     |



**"Currency Valuation Amount"** means, in respect of each Valuation Date other than the first Valuation Date, an amount expressed in the Settlement Currency equal to the product of:

- 1) the Valuation Amount on the immediately preceding Valuation Date; and
- 2) the [●] [USD] Index Percentage on the immediately preceding Valuation Date;

**"Exercise Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day];

**"Exercise Notice"** means the notice described in Product Condition 3;

**"Forward Valuation Exchange Rate"** means, in respect of the relevant Valuation Date, the rate at which the Calculation Agent determines at [●] [approximately 4.00pm (London time)] on the immediately preceding Valuation Date (or as soon thereafter as it determined practicable) that it could convert [●] [US dollars] into [●] [euro] for settlement on the expected settlement date for a spot foreign exchange transaction executed on the Related Scheduled Valuation Date, such rate to be determined by reference to such source(s) as it may deem appropriate. The Forward Valuation Exchange Rate is expressed as the number of [●] [US dollars] or a fraction of a [●] [US dollar required] to buy one [●] [euro];

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

*[Insert if needed]*

**"Integral Exercise Amount"** means [●] Securities;]

*[Insert if needed]*

**"Issue Date"** means [●];]

**"Issuer"** means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

**"Issue Price"** means [●][●];

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

*[Except for European Style Securities insert if needed:*

**"Maximum Exercise Amount"** means [● Securities];]

*[Except for European Style Securities where automatic exercise applies insert if needed:*

**"Minimum Exercise Amount"** means [● Securities];]

**"Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;

*[If all Reference Levels are determined in the same manner insert:*

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> on such day [●], as determined by the Calculation Agent;]

*[If any of the Reference Levels is not determined in the same manner insert:*

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<sup>1</sup> Insert mode for determination of the Reference Level.

**"Reference Level"** means, in respect of:

- 1) the [●] [first] [last] Valuation Date, subject to Product Condition 4, an amount calculated by the Calculation Agent [in the same manner as the sponsor of the Underlying, as specified under "Underlying" below, would calculate the [●] [official closing] [price] [level] of the Underlying on such day, except that in making such calculation the Calculation Agent shall substitute [●] for [●]] [to be equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> on such day, [●]]; and
- 2) any other day, subject to Product Condition 4, an amount equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> on such day, as determined by the Calculation Agent;

**"Reference Source"** means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

**"Scheduled Valuation Date"** means the last Trading Day of each month from and including the [last] [●] Trading Day of [●] until and including the [last] [●] Trading Day of [●] and the **"Related Scheduled Valuation Date"** means the Scheduled Valuation Date nearest to the relevant Valuation Date;

**"Securities"** means up to [●] certificates relating to the Underlying 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 [●];

**"Settlement Date"** means the fifth Business Day following the last occurring Valuation Date;

**"Spot Exchange Rate"** means, in respect of a date, the [●] [US dollar]- [●] [euro] spot exchange rate as determined by the Calculation Agent at [●] [approximately 4.00pm (London time)] on such date (at such time approximate thereto as the Calculation Agent determines to be practicable) by reference to such source(s) as it may deem appropriate. The Spot Exchange Rate is expressed as the number of [●] [US dollars] or a fraction of a [●] [US dollar] required to buy one [●] [euro];

**"Trading Day"** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

***[If any Reference Source is an exchange or trading system insert <sup>2</sup>:***

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference

<sup>1</sup> Insert mode for determination of the Reference Level.

<sup>2</sup> Insert both alternatives if applicable.

Source is scheduled to close prior to its regular weekday closing time;  
and

**[If any Reference Source is not an exchange or trading system insert 1:]**

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

**"Underlying"** means the following index:

| Type of Underlying | Name of Underlying | Sponsor or Issuer of Underlying | Reference Source  |
|--------------------|--------------------|---------------------------------|---|
| [Index]            | [EuroLeader]       | [Deutsche Bank AG]              | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |

**"[●] [USD] Constituent"** means a Constituent which is denominated or based in [●] [US Dollars], together the **"[●] [USD] Constituents"**;

**"[●] [USD] Index Percentage"** means, in respect of a Valuation Date, the sum of the Constituent Percentage Weights of all the [●] [USD] Constituents;

**"Valuation Amount"** means on the [●] [first] Valuation Date an amount expressed in the Settlement Currency to be equal to [●] [the product of (1) [●] [the Issue Price] and (2) the difference between ((a) minus (b)) where (a) equals [●] [100 per cent]. and (b) equals [●] [the product of (i) [●] [eight] and (ii) [●] [the Annual Management Fee]]]. On subsequent Valuation Dates the Valuation Amount shall be an amount expressed in the Settlement Currency determined by the Calculation Agent equal to the sum of:

- 1) the product of:
  - a) the Valuation Amount on the immediately preceding Valuation Date; and
  - b) the quotient of:
    - i) the Reference Level on the relevant Valuation Date (as a numerator); and
    - ii) the Reference Level on the immediately preceding Valuation Date (as a denominator); and
- 2) the Currency Amount on the relevant Valuation Date.

As a formula:

$$VA = PVA \times \frac{\text{Reference Level on the Relevant Valuation Date}}{\text{Reference Level on the immediately preceding Valuation Date}} + \text{Currency Amount}$$

Where: VA = Valuation Amount on the relevant Valuation Date

<sup>1</sup> Insert both alternatives if applicable.

PVA = Valuation Amount on the immediately preceding Valuation Date

The Valuation Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**"Valuation Date"** means the [●] [last] [first] Trading Day of each month from and including [●] up to and including [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If such day has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.

**"Weight"** is as defined in "Information Relating to the Underlying Asset" attached hereto.

Terms with initial capital letters 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**

*Insert Product Condition 3 template Warrants and Certificates cash settlement only*

**4. Adjustment Provisions**

*Insert Product Condition 4 template for relevant Underlying*

**5. Governing Law**

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

**INFORMATION RELATING TO THE UNDERLYING**

**SINGLE UNDERLYING LINKED CERTIFICATES (Type 4)**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**5.**

**SINGLE UNDERLYING LINKED CERTIFICATES (Type 4)**

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## SINGLE UNDERLYING LINKED CERTIFICATES (Type 4)

*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

**"Affiliate"** means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **"control"** means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and **"controlled by"** and **"controls"** shall be construed accordingly;

**"Agent"** means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [If Deutsche Bank AG London is Issuer insert: its branch office in London (Deutsche Bank AG London) (the **"Principal Agent"**) and through its principal office in Frankfurt am Main] [If Deutsche Bank AG Frankfurt is Issuer insert: its principal office in Frankfurt am Main (the **"Principal Agent"**) and through its branch office in London (Deutsche Bank AG London)], (each an **"Agent"** 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], [Frankfurt am Main] [and [●]];

**"Calculation Agent"** means the Issuer, subject to the provisions of General Condition 5;

**"Cash Settlement Amount"** means, with respect to each Security, and in respect of each Valuation Date, an amount expressed in the Settlement Currency determined by the Calculation Agent on each Determination Date to be equal to the sum of:

- 1) the product of:
  - a) the Valuation Amount on the Valuation Date; and
  - b) the quotient of:
    - i) the Spot Exchange Rate on the Valuation Date (as a numerator); and
    - ii) the Redemption Exchange Rate on the Determination Date (as a denominator); and
- 2) the Settlement Currency Amount in respect of the Valuation Date.

As a formula:

$$\text{Cash Settlement Amount} = \text{Valuation Amount} \times \frac{\text{Spot Exchange Rate}}{\text{Redemption Exchange Rate}} + \text{Settlement Currency Amount}$$

The Cash Settlement Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards. The Cash Settlement Amount cannot be less than zero;

## SINGLE UNDERLYING LINKED CERTIFICATES (Type 4)

**"Clearing Agent"** means [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depository holding the Global Security on behalf of the Clearing Agent);

**"Currency Amount"** means, in respect of each Valuation Date, an amount expressed in the Settlement Currency determined by the Calculation Agent on the Determination Date to be equal to the product of:

- 1) the Currency Valuation Amount on the Valuation Date; and
- 2) the difference between ((a) minus (b)):
  - a) the quotient of:
    - i) the Spot Exchange Rate on the immediately preceding Valuation Date (as a numerator); and
    - ii) Forward Valuation Exchange Rate in respect of the Valuation Date (as a denominator)
  - b) the quotient of:
    - i) the Spot Exchange Rate on the immediately preceding Valuation Date (as a numerator); and
    - ii) the Spot Forward Exchange Rate on the related Scheduled Valuation Date (as a denominator).

As a formula:

$$\text{Currency Amount} = \text{Currency Valuation Amount} \times \left[ \frac{\text{PSER}}{\text{FVER}} - \frac{\text{PSER}}{\text{SFER}} \right]$$

where:

|      |  |
|------|--|
| PSER | = Spot Exchange Rate on the immediately preceding Valuation Date.    |
| FVER | = Forward Valuation Exchange Rate in respect of the Valuation Date   |
| SFER | = Spot Forward Exchange Rate on the related Scheduled Valuation Date |

**"Currency Valuation Amount"** in respect of the [first four] [●] Valuation Dates means [●] [the Issue Price]. In respect of each subsequent Valuation Date, Currency Valuation Amount means an amount expressed in the Settlement Currency equal to the product of:

- 1) the Valuation Amount on the third most recent Valuation Date preceding that Valuation Date; and
- 2) [●] [102 per cent.];

**"Determination Date"** means in respect of each Valuation Date the [●] [45<sup>th</sup>] calendar day following such date, or if such day is not a Business Day, the first succeeding Business Day;

## SINGLE UNDERLYING LINKED CERTIFICATES (Type 4)

"**[●] [Euro] Index Level**" means, in respect of each Valuation Date, an amount expressed in the Settlement Currency determined by the Calculation Agent on the Determination Date to be equal to the quotient of:

- 1) the Index Closing Level on the Valuation Date (as a numerator); and
- 2) the Spot Exchange Rate on the Valuation Date (as a denominator);

"**Exercise Date**" means, in respect of each Valuation Date other than the final Valuation Date, the most recent Settlement Business Day which falls at least 35 calendar days prior to the Scheduled Valuation Date (for such purposes the first Scheduled Valuation Date shall be ignored). In respect of the final Valuation Date, the Exercise Date shall be the final Scheduled Valuation Date;

"**Exercise Notice**" means the notice described in Product Condition 3.5;

"**Forward Valuation Exchange Rate**" means, in respect of each Valuation Date, the rate at which the Calculation Agent determined at approximately [16:00 Central European Time] [●] on the immediately preceding [Scheduled] Valuation Date (or at such time approximate thereto as the Calculation Agent determines to be practicable) that it could convert [US dollars] [●] into [euro] [●] for settlement on the expected settlement date for a spot foreign exchange transaction executed on the then next following Scheduled Valuation Date. The [US dollar] [●] –[euro] [●] forward rate is expressed as the number of [US dollars] [●] or a fraction of a [US dollar] [●] required to buy one [euro] [●] ;

"**Forward Redemption Exchange Rate**" means, in respect of each Valuation Date, the rate at which the Calculation Agent determines at approximately [16:00 Central European Time] [●] or as near thereafter as is determined practicable by the Calculation Agent, on such Valuation Date, that it can convert [US dollars] [●] into [euro] [●] for settlement on the expected settlement date for a spot foreign exchange transaction executed on the Determination Date. The [US dollar] [●] –[euro] [●] forward rate is expressed as the number of [US dollars] [●] or a fraction of a [US dollar] [●] required to buy one [euro] [●] ;

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

"**Hedge Fund Business Day**" means in relation to each security included in the Index a business day for the purposes of valuations, redemptions and purchases (as determined by the Calculation Agent and referred to in the offering memorandum of each security included in the Index);

"**Hedge Fund Valuation Date**" in respect of each Valuation Date, means in relation to each security included in the Index, the last Hedge Fund Business Day of each month;

"**Index**" means the [●] as described in the Information Relating to the Underlying Asset, subject to Product Condition 4;

"**Index Calculation Agent**" means [●] [Morgan Grenfell & Co. Ltd.] and references to Index Calculation Agent shall include any successor Index Calculation Agent pursuant to Product Condition 4;

"**Index Closing Level**" means, in respect of each Valuation Date, an amount expressed in [US dollars] [●] determined by the Calculation Agent on the Determination Date to be equal to the Official Closing Value (as such term is defined in "Information Relating to the Underlying Asset") of the Index in respect of such Valuation Date and, in any case, without regard to any subsequently published correction provided that, if in the opinion of the Calculation Agent, such Official

## SINGLE UNDERLYING LINKED CERTIFICATES (Type 4)

Closing Value does not represent a true value of the Index or the values of the official net asset values of the index securities comprising the Index do not represent the true value of those securities, the Calculation Agent will determine the Index Closing Level by reference to such factors as it deems relevant;

"**Issue Price**" means [●] [euro 1,000];

*[Insert if needed]*

"**Issue Date**" means [●];

"**Issuer**" means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

"**Maximum Monthly Exercise Amount**" means in respect of each Exercise Date [●] [40 per cent. of the Securities unexercised], other than any Securities held by the Issuer, following the immediately preceding Exercise Date or, in respect of the first Exercise Date, following the Primary Market End Date;

"**Monthly Management Fee**" means [●] per cent.;

"**Origination Fee**" means [●];

"**Primary Market End Date**" means [●] or, if such day is not a Business Day, the first succeeding Business Day;

"**Redemption Exchange Rate**" means, in respect of each Determination Date, the [US dollar] [●] -[euro] [●] spot exchange rate, as determined by the Calculation Agent at approximately [16:00 Central European Time] [●] [ECB ref price for France] on such day (or at such time approximate thereto as the Calculation Agent determines to be practicable). The [US dollar] [●] -[euro] [●] exchange rate is expressed as the number of [US dollars] [●] or a fraction of a [US dollar] [●] required to buy one [euro] [●] ;

"**Scheduled Valuation Date**" means the [●] [last] Business Day of each month from and including the [●] [last] Business Day of [●] until and including the [●] [last] Business Day of [●];

"**Securities**" means up to [●] [2,000,000] [●] 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, in each case as determined by the Calculation Agent;

"**Settlement Business Day**" means a day which is both a Business Day and a day on which each Clearing Agent is open for business;

"**Settlement Currency Valuation Amount**" means in respect of the [first three] [●] Valuation Dates [●] [the Issue Price] and in respect of the subsequent Valuation Dates an amount in the Settlement Currency determined by the Calculation Agent to be equal to the product of:

- 1) the Valuation Amount on the [second] [●] most recent Valuation Date preceding that Valuation Date; and
- 2) [●];

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**"Settlement Currency Amount"** means in respect of each Valuation Date an amount expressed in the Settlement Currency determined by the Calculation Agent on the Determination Date to be equal to the product of:

- 1) the Settlement Currency Valuation Amount on the Valuation Date; and
- 2) the difference between ((a) minus (b)):
  - a) the quotient of:
    - i) the Spot Exchange Rate on the Valuation Date (as a numerator); and
    - ii) the Forward Redemption Exchange Rate on the Valuation Date (as a denominator)
  - b) the quotient of:
    - i) the Spot Exchange Rate on the Valuation Date (as a numerator); and
    - ii) the Redemption Exchange Rate on the Determination Date (as a denominator).

As a formula:

$$\text{Settlement Currency Amount} = \text{Settlement Currency Valuation Amount} \times \left[ \frac{\text{SER}}{\text{FRER}} - \frac{\text{SER}}{\text{RER}} \right]$$

where:

- SER = Spot Exchange Rate on the Valuation Date  
FRER = Forward Redemption Exchange Rate on the Valuation Date  
RER = Redemption Exchange Rate on the Determination Date

**"Settlement Currency"** means [euro] [●];

**"Settlement Date"** means, in relation to each Exercise Date and its corresponding Valuation Date, the fifth Settlement Business Day following the Determination Date;

**"Spot Exchange Rate"** means, in respect of the first Valuation Date the [US dollar] [●] -[euro] [●] spot exchange rate as determined by the Calculation Agent at approximately [16:00 Central European Time] [●] [ECB ref price for France] on the first Business Day following the Primary Market End Date (or at such time approximate thereto as the Calculation Agent determines to be practicable) and in respect of subsequent Valuation Dates, the [US dollar] [●] -[euro] [●] spot exchange rate as determined by the Calculation Agent at approximately [16:00 Central European Time] [●] [ECB ref price for France] on such Valuation Date (or as soon thereafter as is determined practicable by the Calculation Agent). The [US dollar] [●] -[euro] [●] spot exchange rate is expressed as the number of [US dollars] [●] or a fraction of a [US dollar] [●] required to buy one [euro] [●];

**"Spot Forward Exchange Rate"** means, in respect of each Valuation Date, the [US dollar] [●] -[euro] [●] spot exchange rate as determined by the Calculation Agent at approximately [16:00 Central European Time] [●] [ECB ref price for France] on the related Scheduled Valuation Date (or at such time approximate thereto as the Calculation Agent determines to be practicable). The [US dollar] [●] -[euro] [●] exchange rate is expressed as the number of [US dollars] [●] or a fraction of a [US dollar] [●] required to buy one [euro] [●];

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**"Valuation Amount"** means in respect of the first Valuation Date an amount expressed in the Settlement Currency to be equal to the product of (1) the Issue Price and (2) [●] [100 per cent.] minus [●] [the Origination Fee]. In respect of the subsequent Valuation Dates the Valuation Amount shall be an amount expressed in Settlement Currency determined by the Calculation Agent on the Determination Date equal to the sum of:

- 1) the product of:
  - a) the Valuation Amount on the immediately preceding Valuation Date; and
  - b) the quotient of:
    - i) the [●] [Euro] Index Level on the Valuation Date (as a numerator); and
    - ii) the [●] [Euro] Index Level on the immediately preceding Valuation Date (as a denominator); and
  - c) [●] [100 per cent.] minus [●] [the Monthly Management Fee]; and
- 2) the Currency Amount.

As a formula: **Update formula:**

$$VA = PVA \times \frac{\text{Euro Index Level}}{\text{Previous Euro Index Level}} \times ([?] - \text{Monthly Management Fee}) + \text{Currency Amount}$$

Where:

VA = Valuation Amount on the Valuation Date

PVA = Valuation Amount on the immediately preceding Valuation Date

The Valuation Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards. If on any Valuation Date (regardless of whether the Securities have been exercised or not) the Valuation Amount is equal to or less than zero the Securities will expire worthless with immediate effect without prior notification to the Securityholders;

**"Valuation Date"** means a Scheduled Valuation Date unless it is followed by a Hedge Fund Valuation Date of any security included in the Index in the same month, in which case it shall be the first Business Day of the following month.

Terms with initial capital letters 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*

Subject to the provisions of Product Condition 3.2 and subject to the Securities not having expired worthless in accordance with Product Condition 5, the Securities are only exercisable with respect to a Valuation Date on the Exercise Date relating to that Valuation Date.

**If an Exercise Notice has not been delivered with respect to a Security in the manner set out in Product Condition 3.5 at or prior to [10.00 a.m. (Central European Time)] [●] on the final Exercise Date then the Securities will be void and expire worthless.**

#### *3.2. Maximum Monthly Exercise Amount prior to final Exercise Date*

With respect to each Exercise Date other than the final Exercise Date, if the Clearing Agent determines in accordance with its procedures from time to time that Securities have been properly exercised in accordance with Product Condition 3.5 in respect of Securities equal to the Maximum Monthly Exercise Amount then all Securities exercised thereafter shall be deemed to have been exercised on the next following Exercise Date (subject to the Maximum Monthly Exercise Amount having already been reached on that Exercise Date in which case the next following Exercise Date and so on until their Securities have been exercised without the Maximum Monthly Exercise Amount being reached or the third Exercise Date following their first purported exercise, whichever is the earliest).

**In these circumstances a Securityholder attempting to exercise on one Exercise Date could find that its exercise is only effective with effect from the first, second or third Exercise Date after the original date which, but for the operation of these provisions, would have otherwise been the Exercise Date. The Cash Settlement Amount with respect to the postponed Exercise Date may be substantially different from the Cash Settlement Amount which would have otherwise been payable with respect to the original date which, but for the operation of these provisions, would otherwise have been the Exercise Date.**

#### *3.3. 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.

## SINGLE UNDERLYING LINKED CERTIFICATES (Type 4)

### 3.4. *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.

### 3.5. *Exercise Notice*

Securities may only be exercised with respect to a Valuation Date by the delivery of a duly completed Exercise Notice to the Principal Agent with a copy to a Clearing Agent at or prior to [10.00 a.m. (Central European Time)] [●] on the relevant Exercise Date. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

- 3.5.1. specify the number of Securities being exercised;
- 3.5.2. specify the applicable Exercise Date;
- 3.5.3. specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- 3.5.4. irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
- 3.5.5. specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount (if any) for such Securities ;
- 3.5.6. 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;
- 3.5.7. 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



## SINGLE UNDERLYING LINKED CERTIFICATES (Type 4)

Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act;

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

### 3.6. *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.

### 3.7. *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 relevant Settlement Date less any Securityholder Expenses.

### 3.8. *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.

### 3.9. *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 that are the subject of such notice may not be transferred.

### 3.10. *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

## SINGLE UNDERLYING LINKED CERTIFICATES (Type 4)

Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer.

### 3.11. *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 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 4.1 or 4.2 below.

### 4.1. If the Index is:

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

4.1.2. 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 Index Calculation Agent or that successor index, as the case may be.

### 4.2. If:

4.2.1. on or prior to a Valuation Date the Index Calculation Agent or, if applicable, the Successor Index Calculation Agent 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 other changes or modifications contemplated in the Information Relating to the Underlying Asset including, without limitation changes to the Applicable Percentage, Index Constituents, the Index Securities and the Weights (all as defined in the "Information Relating to the Underlying Asset").; or

4.2.2. on a Valuation Date the Index Calculation Agent or, if applicable, the Successor Index Calculation Agent, fails to calculate and publish the Index,

then the Calculation Agent shall determine the Index Closing Level for that Valuation Date, using, in lieu of a published level for the Index on that 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

## SINGLE UNDERLYING LINKED CERTIFICATES (Type 4)

failure, but using only those securities that comprised the Index immediately prior to the change or failure

For the avoidance of doubt, no change in the amount of the Applicable Percentage, the Composition Obligations, Composition Objectives and Eligibility Criteria (all as defined in the "Information Relating to the Underlying Asset") shall be construed as a change in the formula for or to the method of calculating the Index or require any adjustment to the Index pursuant to this Product Condition 4.

- 4.3. 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. Expiry**

If the Calculation Agent determines that on any Valuation Date (regardless of whether or not any Securities have been exercised with respect to that Valuation Date) the Valuation Amount would be equal to or less than zero, then the Securities will expire worthless.

### **6. Governing Law**

The Securities are governed by and shall be construed in accordance with German law. These Product Conditions are written in the English language and will be translated in into other languages. The English language version shall be legally binding and controlling in each and every respect.

### **7. Calculation Agent**

When making any determination or calculation in respect of the Securities, the Calculation Agent shall act in good faith and in a commercially reasonable manner.

## PRODUCT SPECIFIC RISK FACTORS

The Index is calculated in [US dollars] [●] . The Settlement Currency of the Securities is [euro] [●] . The calculation of the Cash Settlement Amount includes the Settlement Currency Amount, which provides a degree of protection to Securityholders in the event of an unexpected depreciation in the value of [US dollars] [●] against [euro] [●] . It should be noted, however, that all outstanding Securities will expire worthless if on any Valuation Date the Calculation Agent determines that the Valuation Amount (regardless of whether any Securities have been exercised with respect to that Valuation Date) is equal to or less than zero.

In certain circumstances, a Securityholder attempting to exercise on one Exercise Date could find that its exercise is only effective with effect from the first, second or third Exercise Date after the original date which, but for the operation of the provisions described in Product Condition 3.2, would have otherwise been the Exercise Date. The Cash Settlement Amount with respect to such a postponed Exercise Date may be substantially different from the Cash Settlement Amount which would otherwise have been payable with respect to the original date which, but for the operation of these provisions, would otherwise have been the Exercise Date.

*This section should be read in conjunction with "Potential Conflicts of Interest", "Disclaimers and Risk Factors" in the "Information Relating to the Underlying Asset"*

SINGLE UNDERLYING LINKED CERTIFICATES (Type 4)

**INFORMATION RELATING TO THE UNDERLYING**



**SINGLE UNDERLYING LINKED WARRANTS**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**6.**

**SINGLE UNDERLYING LINKED WARRANTS**







## SINGLE UNDERLYING LINKED WARRANTS

*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [*If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [*If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

*[If Settlement is cash only insert:*

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, if applicable, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;]

*[If Settlement is not cash only insert:*

"**Business Day**" means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and (ii) if applicable, in relation to delivery of the Physical Settlement Amount [a day on which the Physical Delivery Clearing System is open for business/specify relevant business day for other physical delivery method];]

"**Calculation Agent**" means the Issuer, subject to the provisions of General Condition 5;

*[If the Securities have a Cap Amount insert:*

"**Cap Amount**" means [●];]

*[If the Settlement Currency is the same as the Reference Currency and/or if the Security is a quanto security and Warrants are not Capped insert:*

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows:

## SINGLE UNDERLYING LINKED WARRANTS

*[If the definition of Type specifies "Call" insert:*

(Final Reference Level – Strike) x Multiplier]

*[If the definition of Type specifies "Put" insert:*

(Strike – Final Reference Level) x Multiplier]

Provided that the Cash Settlement Amount may not be less than zero. 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;]

*[If the Settlement Currency is the same as the Reference Currency and/or if the Security is a quanto security and Warrants are Capped insert:*

**"Cash Settlement Amount"** means, with respect to each Security, an amount determined by the Calculation Agent as follows:

*[If the definition of Type specifies "Call" insert:*

(Final Reference Level – Strike) x Multiplier]

*[If the definition of Type specifies "Put" insert:*

(Strike – Final Reference Level) x Multiplier]

provided that the Cash Settlement Amount shall not be greater than the amount determined by the Calculation Agent as follows:

*[If the definition of Type specifies "Call" insert:*

(Cap Amount – Strike) x Multiplier,]

*[If the definition of Type specifies "Put" insert:*

(Strike – Cap Amount) x Multiplier,]

Provided that the Cash Settlement Amount may not be less than zero. 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;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security and Warrants are not Capped insert:*

**"Cash Settlement Amount"** means, with respect to each Security, an amount determined by the Calculation Agent as follows:

*[If the definition of Type specifies "Call" insert:*

(Final Reference Level – Strike) x Multiplier]

*[If the definition of Type specifies "Put" insert:*

(Strike - Final Reference Level) x Multiplier]

Provided that the Cash Settlement Amount will not be less than zero. The Cash Settlement Amount will be converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day] ].

## SINGLE UNDERLYING LINKED WARRANTS

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;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security and Warrants are Capped insert:]*

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows:

*[If the definition of Type specifies "Call" insert:]*

$(\text{Final Reference Level} - \text{Strike}) \times \text{Multiplier}$

*[If the definition of Type specifies "Put" insert:]*

$(\text{Strike} - \text{Final Reference Level}) \times \text{Multiplier}$

provided that the Cash Settlement Amount shall not be greater than the amount determined by the Calculation Agent as follows:

*[If the definition of Type specifies "Call" insert:]*

$(\text{Cap Amount} - \text{Strike}) \times \text{Multiplier,}$

*[If the definition of Type specifies "Put":*

$(\text{Strike} - \text{Cap Amount}) \times \text{Multiplier,}$

Provided that the Cash Settlement Amount will not be less than zero. The Cash Settlement Amount will be converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day] ].

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 [●] Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent);

*[If Settlement is not cash only insert:]*

"**Delivery Details**" means [the account details of the Securityholder's securities account with [●] (the "**Physical Delivery Clearing System**") for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/*specify other relevant details for physical delivery method*];]

*[If Settlement is not cash only insert:]*

"**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 taking into account the value of any Physical Settlement Units delivered less the

## SINGLE UNDERLYING LINKED WARRANTS

cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer acting in a reasonable manner;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

**"Exchange Rate"** means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

*[If European style insert:*

**"Exercise Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

*[If American style insert:*

**"Exercise Date"** means any Business Day during the Exercise Period;  
**"Exercise Period"** means the period commencing on (and [excluding][including]) [●] up to and (and [excluding][including]) [●] or, if such day is not a Business Day, the first succeeding Business Day;]

*[If Bermudan style insert:*

**"Exercise Date"** means [the [first] [last] [●] Business Day of each [week] [calendar month] [quarter] [year] [●] during the Exercise Period] [[●] *insert range of specific dates*];

**"Exercise Period"** means the period commencing on (and [excluding][including]) [●] up to and (and [excluding][including]) [●] or, if such day is not a Business Day, the first succeeding Business Day;]

**"Exercise Notice"** means the notice described in Product Condition 3;

*[If the Final Reference Level is determined on one single day insert:*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Final Reference Level is determined on several consecutive days insert:*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

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

*[If the Strike is determined on the basis of the Initial Reference Level, insert:*

*[If the Initial Reference Level is determined on one single day insert:*

## SINGLE UNDERLYING LINKED WARRANTS

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several days insert:*

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on one single day insert:*

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Valuation Date"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth<sup>1</sup> Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

## SINGLE UNDERLYING LINKED WARRANTS

**"Initial Reference Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]]

*[Insert if needed*

**"Integral Exercise Amount"** means [●] Securities;]

*[Insert if needed*

**"Issue Date"** means [●];]

**"Issuer"** means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

*[Except for European Style Securities insert if needed:*

**"Maximum Exercise Amount"** means [● Securities];]

*[Except for European Style Securities where automatic exercise applies insert if needed:*

**"Minimum Exercise Amount"** means [● Securities];]

**"Multiplier"** means [●], subject to adjustment in accordance with Product Condition 4;

*[If the issuer has the right to select either Cash Settlement or Physical Settlement insert:*

**"Notice Period"** means [●] days;]

*[If the Underlying is share, other security, fund share or currency amount and if Settlement is not cash only insert:*

**"Physical Settlement Amount"** means [●] unit[s] of the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

*[If the Underlying is index or commodity and if Settlement is not cash only insert:*

**"Physical Settlement Amount"** means [●] unit[s] of [●] [certificate (s) relating to [●] the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in



## SINGLE UNDERLYING LINKED WARRANTS

respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

**[If the Strike is determined on the basis of the Initial Reference Level, insert:**

**"Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

**[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert**

**"Reference Currency"** means [the lawful currency of ● ][●];]

**[If the Initial and Final Reference Level are determined in the same manner insert:**

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount (which shall be deemed to be a monetary value in the [Settlement]<sup>1</sup> [Reference]<sup>2</sup> Currency) equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>3</sup> on such day [●], all as determined by the Calculation Agent;]

**[If the Initial and Final Reference Level are not determined in the same manner insert:**

**"Reference Level"** means, in respect of:

- 1) [a[n]/the] [Initial Reference] [Valuation] Date, subject to Product Condition 4, an amount (which shall be deemed to be a monetary value in the [Settlement]<sup>4</sup> [Reference]<sup>5</sup> Currency) calculated by the Calculation Agent [in the same manner as the sponsor of the Underlying, as specified in the table under "Underlying" below, would calculate the [●] [official closing] [price] [level] of the Underlying on such day, except that in making such calculation the Calculation Agent shall substitute [●] for [●]] [to be equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>6</sup> on such day, [●]]; and
- 2) any other day, subject to Product Condition 4, an amount (which shall be deemed to be a monetary value in the [Settlement]<sup>7</sup> [Reference]<sup>8</sup> Currency)

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1 Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

2 Insert if the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security

3 Insert mode for determination of the Reference Level

4 Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

5 Insert if the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security

6 Insert mode for determination of the Reference Level.

7 Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

8 Insert if the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security

## SINGLE UNDERLYING LINKED WARRANTS

equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> on such day, as determined by the Calculation Agent;]

**"Reference Source"** means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

**"Securities"** means [up to] [●] warrants relating to the Underlying 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;

*[If the Securities are cash settled only insert:]*

**"Settlement"** means cash settlement (**"Cash Settlement"**);]

*[If the Securities are physically settled only insert:]*

**"Settlement"** means physical settlement (**"Physical Settlement"**);]

*[If the Securities are cash or physically settled at a Securityholder's option insert:]*

**"Settlement"** means, in respect of a Security

1. if the Securityholder has specified, in its Exercise Notice, that Physical Settlement shall apply, physical settlement (**"Physical Settlement"**), or
2. otherwise, cash settlement (**"Cash Settlement"**);]

*[If the Securities are cash or physically settled at the Issuer's option insert:]*

**"Settlement"** means

1. if the Issuer has selected, in its full discretion and in accordance with Product Condition 3, that Physical Settlement shall apply, physical settlement (**"Physical Settlement"**), or
2. otherwise, cash settlement (**"Cash Settlement"**);]

**"Settlement Currency"** means [●];

**"Settlement Date"** means in respect of a Security and its Exercise Date, the fifth Business Day following the relevant Valuation Date or, if there is more than one Valuation Date, the last occurring relevant Valuation Date;

*[If the Securities are not cash settled only insert:]*

**"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 a Physical Settlement Unit in accordance with such market method as it decides at the relevant time for delivery of the relevant Physical Settlement Unit;]

**"Strike"** means [●][[●] per cent. of the Initial Reference Level], subject to adjustment in accordance with Product Condition 4;

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<sup>1</sup> Insert mode for determination of the Reference Level.



## SINGLE UNDERLYING LINKED WARRANTS

**"Trading Day"** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

**[If any Reference Source is an exchange or trading system insert <sup>1</sup>:**

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

**[If any Reference Source is not an exchange or trading system insert <sup>2</sup>:**

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

**"Type"** means [Call] [Put];

**"Underlying"** means the following [index] [share] [other security] [fund share] [commodity] [currency amount]:

| Type of Underlying | Name of Underlying                        | Sponsor or Issuer of Underlying | Reference Source  |
|--------------------|---|---------------------------------|---|
| [Index]            | [EuroLeader]                              | [Deutsche Bank AG]              | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |
| [Index]            | [DAX]                                     | [Deutsche Börse AG]             | [Frankfurt Stock Exchange]  |
| [Share]            | [Ordinary Share/common stock & ISIN etc.] |                                 |   |
| [Other Security]   |   |                                 |   |
| [Fund Share]       |   |                                 |   |
| [Commodity]        | [Fine Troy of Gold]                       | [Non applicable]                | [London Metal Exchange]   |
| [Currency Amount]  |   |                                 |   |

<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.

*[If the Final Reference Level is determined on one single day insert:]*

**"Valuation Date"** means [the [●] Trading Day following the relevant Exercise Date] [the relevant Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Securities are European and the Final Reference Level is determined on several consecutive days insert:]*

**"Valuation Date"** means [each of the first [●][●] [Trading Days] [calendar days] following the Exercise Date for such Security] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

*[If the Securities are European and the Final Reference Level is determined on several consecutive days insert:]*

**"Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters 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.

## SINGLE UNDERLYING LINKED WARRANTS

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

*Insert Product Condition 3 template for cash or physical Warrants & Certificates*

### 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

### 5. Governing Law

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

*[Where the Securities are governed by English law, insert:]*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

SINGLE UNDERLYING LINKED WARRANTS

**INFORMATION RELATING TO THE UNDERLYING**

**BASKET LINKED WARRANTS**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**7.**

**BASKET LINKED WARRANTS**

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## BASKET LINKED WARRANTS

*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [*If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [*If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

"**Basket**" means a basket of assets comprised as follows:

| Type of Basket Constituent | Name of Basket Constituent                | Sponsor or Issuer of Basket Constituent | Reference Source  | Security Code / ISIN of Basket Constituent |
|----------------------------|---|---|---|--|
| [Index]                    | [EuroLeader]                              | [Deutsche Bank AG]                      | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] | [Non applicable]                           |
| [Index]                    | [DAX]                                     | [Deutsche Boerse AG]                    | [Frankfurt Stock Exchange]  | [Non applicable]                           |
| [Share]                    | [Ordinary Share/common stock & ISIN etc.] |   |   |  |
| [Other Security]           |   |   |   |  |
| [Fund Share]               |   |   |   |  |
| [Commodity]                | [Fine Troy of Gold]                       | [Non applicable]                        | [London Metal Exchange]   | [Non applicable]                           |
| [Currency Amount]          |   |   |   |  |

## BASKET LINKED WARRANTS

| Name of Basket Constituent | Basket Constituent Percentage Weight | Basket Constituent Multiplier | [Basket Constituent Currency] | [Time of Exchange Rate determination] |
|----------------------------|--------------------------------------|-------------------------------|-------------------------------|---------------------------------------|
| [●]                        | [●]                                  | [●]                           | [●]                           | [●]                                   |
| [●]                        | [●]                                  | [●]                           | [●]                           | [●]                                   |

| Name of Basket Constituent | Reference Level determination                             |
|----------------------------|---|
| [●]                        | [Auction, Closing, Open price, traded price] <sup>1</sup> |
| [●]                        | [●]   |

**"Basket Constituent"** means each of the assets as defined in "Basket" above, subject to adjustment in accordance with Product Conditions 4;

**"Basket Constituent Currency"** means in relation to each Basket Constituent the currency specified for such Basket Constituent in "Basket" above, subject to adjustment in accordance with Product Conditions 4;

*[If not all Basket Constituent Currencies are the same as the Reference Currency and the Security is not a quanto security insert:*

**"Basket Constituent Exchange Rate"** means in relation to each Basket Constituent and in respect of any day, the rate of exchange prevailing at the time as defined in the column "Time of Exchange Rate determination" in "Basket" above (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Basket Constituent Currency and the Reference Currency (expressed as the number of units of the Basket Constituent Currency or a fraction thereof required to buy one unit of the Reference Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

**"Basket Constituent Level"** means in respect of any day, subject to Product Condition 4, an amount equal to the price or level of the Basket Constituent determined in the manner as defined in the column "Reference Level determination" in "Basket" above, all as determined by the Calculation Agent;

*[If the Basket Multipliers are known prior to the issue date insert:*

**"Basket Constituent Multiplier"** means, in relation to each Basket Constituent, a number as defined in "Basket" above, subject to adjustment in accordance with Product Condition 4;]

*[If the Basket Multipliers are not known prior to the issue date and all Basket Constituent Currencies are equal to the Reference Currency or the Security is a quanto security insert:*

**"Basket Constituent Multiplier"** means in relation to each Basket Constituent a number equal to the quotient of:

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<sup>1</sup> Insert mode for determination of the Reference Level.



## BASKET LINKED WARRANTS

- 1) the relevant Basket Constituent Percentage Weight (as numerator); and
- 2) the [Basket Constituent Level] [●] on [●] [or, if such day is not a Trading Day, the first succeeding Trading Day] (as denominator);]

*[If the Basket Multipliers are not known prior to the issue date and not all Basket Constituent Currencies are equal to the Reference Currency and the Security is not a quanto security insert:]*

**"Basket Constituent Multiplier"** means in relation to each Basket Constituent a number equal to the quotient of:

- 1) the product of (as numerator):
  - a) the relevant Basket Constituent Percentage Weight
  - b) [the Exchange Rate of the relevant Basket Constituent Currency on [●]] [●]
- 2) the [Basket Constituent Level] [●] on [●] [or, if such day is not a Trading Day, the first succeeding Trading Day] (as denominator);]

**"Basket Constituent Percentage Weight"** means, in relation to each Basket Constituent, a number as defined for such Basket Constituent in the column "Basket Constituent Percentage Weight" in "Basket" above;

*[If Settlement is cash only insert:]*

**"Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;]

*[If Settlement is not cash only insert:]*

**"Business Day"** means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and (ii) if applicable, in relation to delivery of the Physical Settlement Amount [a day on which the Physical Delivery Clearing System is open for business/specify relevant business day for other physical delivery method]; ]

**"Calculation Agent"** means the Issuer, subject to the provisions of General Condition 5;

*[If the Securities have a Cap Amount insert:]*

**"Cap Amount"** means, in respect to each Series, the amount specified to be the Cap Amount in the table in "Securities" below;]

*[If the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security and Warrants are not Capped insert:]*

**"Cash Settlement Amount"** means, with respect to each Security, an amount determined by the Calculation Agent as follows:

*[If the definition of Type specifies "Call" insert:]*

(Final Reference Level – Strike) x Multiplier]

## BASKET LINKED WARRANTS

*[If the definition of Type specifies "Put" insert:*

(Strike – Final Reference Level) x Multiplier]

Provided that the Cash Settlement Amount shall not be less than zero. The Cash Settlement Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;]

*[If the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security and Warrants are Capped insert:*

**"Cash Settlement Amount"** means, with respect to each Security, an amount determined by the Calculation Agent as follows:

*[If the definition of Type specifies "Call" insert:*

(Final Reference Level – Strike) x Multiplier]

*[If the definition of Type specifies "Put" insert:*

(Strike – Final Reference Level) x Multiplier]

provided that the Cash Settlement Amount shall not be greater than the amount determined by the Calculation Agent as follows:

*[If the definition of Type specifies "Call" insert:*

(Cap Amount – Strike) x Multiplier,]

*[If the definition of Type specifies "Put" insert:*

(Strike – Cap Amount) x Multiplier,]

Provided that the Cash Settlement Amount shall not be less than zero. The Cash Settlement Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security and Warrants are not Capped insert:*

**"Cash Settlement Amount"** means, with respect to each Security, an amount determined by the Calculation Agent as follows:

*[If the definition of Type specifies "Call" insert:*

(Final Reference Level – Strike) x Multiplier]

*[If the definition of Type specifies "Put" insert:*

(Strike - Final Reference Level) x Multiplier]

Provided that the Cash Settlement Amount shall not be less than zero. The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day].

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;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security and Warrants are Capped insert:*

## BASKET LINKED WARRANTS

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows:

*[If the definition of Type specifies "Call" insert:*

(Final Reference Level – Strike) x Multiplier]

*[If the definition of Type specifies "Put" insert:*

(Strike - Final Reference Level) x Multiplier]

provided that the Cash Settlement Amount shall not be greater than the amount determined by the Calculation Agent as follows:

*[If the definition of Type specifies "Call" insert:*

(Cap Amount – Strike) x Multiplier,]

*[If the definition of Type specifies "Put" insert:*

(Strike – Cap Amount) x Multiplier,]

Provided that the Cash Settlement Amount shall not be less than zero. The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day].

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 [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent).

*[If Settlement is not cash only insert:*

"**Delivery Details**" means [the account details of the Securityholder's securities account with [●] (the "**Physical Delivery Clearing System**") for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/*specify other relevant details for physical delivery method*];]

*[If Settlement is not cash only insert:*

"**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 taking into account the value of any Physical Settlement Units delivered less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer acting in a reasonable manner;]

*[If the Settlement Currency is not the same as all the Basket Constituent Currencies and if the Security is not a quanto security insert:*

"**Exchange Rate**" means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (ex-

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pressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

***[If European style insert:***

"**Exercise Date**" means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

***[If American style insert:***

"**Exercise Date**" means any Business Day during the Exercise Period;

"**Exercise Period**" means the period commencing on (and [excluding][including]) [●] up to and (and [excluding][including]) [●] or, if such day is not a Business Day, the first succeeding Business Day;]

***[If Bermudan style insert:***

"**Exercise Date**" means [the [first] [last] [●] Business Day of each [week] [calendar month] [quarter] [year] [●] during the Exercise Period] [[●] *insert range of specific dates*];

"**Exercise Period**" means the period commencing on (and [excluding][including]) [●] up to and (and [excluding][including]) [●] or, if such day is not a Business Day, the first succeeding Business Day;]

"**Exercise Notice**" means the notice described in Product Condition 3;

***[If the Final Reference Level is determined on one single day insert:***

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

***[If the Final Reference Level is determined on several days insert:***

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

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

***[If the Strike is determined on the basis of the Initial Reference Level, insert:***

***[If the Initial Reference Level is determined on one single day insert:***

"**Initial Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

***[If the Initial Reference Level is determined on several days insert:***

"**Initial Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on one single day and the valuations in the event of market disruption will be done in relation to the basket as a whole, insert:*

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth<sup>2</sup> Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on one single day and the valuations in the event of market disruption will be done in relation to each constituent in the basket, insert:*

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on any such day, then the relevant Initial Reference Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Initial Reference Valuation Date and the Initial Reference Valuation Date for each Underlying affected (each an **"Initially Affected Item"**) by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Initially Affected Item, unless there is a Market Disruption Event relating to the Initially Affected Item occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Initial Reference Valuation Date. In that case (A) the fifth Trading Day shall be deemed to be the Initial Reference Valuation Date for the Initially Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Initially Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Ini-

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>2</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

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tially Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days and the valuations in the event of market disruption will be done in relation to the basket as a whole insert:*

**"Initial Reference Valuation Dates"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth<sup>2</sup> Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth<sup>3</sup> Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days and the valuations in the event of market disruption will be done in relation to each constituent in the basket, insert:*

**"Initial Reference Valuation Dates"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Initial Reference Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Initial Reference Valuation Date and the Initial Reference Valuation Date for each Underlying affected (each an **"Initially Affected Item"**) by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Initially Affected Item, unless there is a Market Disruption Event relating to the Initially Affected Item occurring on each of the five Trading Days immediately following the original date which (but

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>2</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>3</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.



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for the Market Disruption Event) would have been the Initial Reference Valuation Date. In that case (A) the fifth Trading Day shall be deemed to be the Initial Reference Valuation Date for the Initially Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Initially Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Initially Affected Item and such other factors as the Calculation Agent considers relevant;]

**[If the Initial Reference Level is determined on several consecutive days insert:**

**"Initial Reference Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

**[Insert if needed:**

**"Integral Exercise Amount"** means [●] Securities;]

**[Insert if needed**

**"Issue Date"** means [●];]

**"Issuer"** means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

**[Except for European Style Securities insert if needed:**

**"Maximum Exercise Amount"** means [● Securities];]

**[Except for European Style Securities where automatic exercise applies insert if needed:**

**"Minimum Exercise Amount"** means [● Securities];]

**"Multiplier"** means [●], subject to adjustment in accordance with Product Condition 4;

**[If the issuer has the right to select either Cash Settlement or Physical Settlement insert:**

**"Notice Period"** means [●] days;]

**[If the Underlying is share, other security, fund share or currency amount and if Settlement is not cash only insert:**

**"Physical Settlement Amount"** means an amount comprising all Basket Constituents (each a **"Physical Settlement Unit"**), each represented with a number of units equal to the Basket Constituent Multiplier for the relevant Basket Constituent, multiplied with the [Multiplier] [●], [provided the such number, for each Physical Settlement Unit, will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the relevant number for each Physical Settlement Unit, [provided that the aggregate number, in respect of the same Securityholder, will be rounded down to the nearest whole number.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding].

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[In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the sum of the products of the remaining fraction of each Physical Settlement Unit and the [●] of the respective Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

**[If the Underlying is index, commodity and if Settlement is not cash only insert:**

**"Physical Settlement Amount"** means an amount comprising the following [●] [certificate(s) each relating to a] [●] Basket Constituent[s] (each a **"Physical Settlement Unit"**):

| Name of Basket Constituent | Name of [certificate] [●] | WKN/ISIN | Number of Units |
|----------------------------|---------------------------|----------|-----------------|
| [●]                        | [●]                       | [●]      | [●]             |
| [●]                        | [●]                       | [●]      | [●]             |

each represented with a number of units equal to the Basket Constituent Multiplier for the relevant Basket Constituent, multiplied with the Number of Units for each Basket Constituent and with the [Multiplier] [●], [provided that such number, for each Physical Settlement Unit, will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the relevant number for each Physical Settlement Unit, [provided that the aggregate number, in respect of the same Securityholder, will be rounded down to the nearest whole number.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the sum of the products of the remaining fraction of each Physical Settlement Unit and the [●] of the respective Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

**[If the Strike is determined on the basis of the Initial Reference Level, insert:**

**"Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

**[If the Settlement Currency is not the same as the Reference Currency insert:**

**"Reference Currency"** means, [●];]

**[If all Basket Constituent Currencies are the same as the Settlement Currency or the Security is a quanto security insert:**

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Reference Currency)]<sup>1</sup> determined by the Calculation Agent equal to the sum of the products for each Basket Constituent of:

- 1) the [Basket Constituent Level for each Basket Constituent] [●] on [●] [or, if such day is not a Trading Day, the first succeeding Trading Day]; and

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<sup>1</sup> Insert when Security is a quanto security.



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2) the Basket Constituent Multiplier of each Basket Constituent on such day

As a formula:

$$\text{Reference Level}_t = \sum_i^n P_{i,t} \times \text{BCM}_{i,t}$$

where:

n = number of Basket Constituents in the Basket

P<sub>i,t</sub> = the Basket Constituent Level i on day t

BCM<sub>i,t</sub> = Basket Constituent Multiplier i on day t;]

**[If any Basket Constituent Currency is not the same as the Settlement Currency and the Security is not a quanto security insert:**

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount determined by the Calculation Agent equal to the sum of the products for each Basket Constituent of:

- 1) the [Basket Constituent Level for each Basket Constituent] [●] on [●] or, if such day is not a Trading Day, the first succeeding Trading Day on such day; and
- 2) the quotient of
  - a) the Basket Constituent Multiplier of each Basket Constituent on such day (as numerator) ; and
  - b) the Basket Constituent Exchange Rate of each Basket Constituent on such day (as denominator)

As a formula:

$$\text{Reference Level}_t = \sum_i^n P_{i,t} \times \frac{\text{BCM}_{i,t}}{\text{BC-ER}_{i,t}}$$

where:

n = number of Basket Constituents in the Basket

P<sub>i,t</sub> = the Basket Constituent Level i on day t

BCM<sub>i,t</sub> = Basket Constituent Multiplier i on day t

BC-ER<sub>i,t</sub> = Basket Constituent Exchange Rate i on day t;]

**"Reference Source"** means the reference source or reference sources specified in the table under "Basket" above, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

**"Securities"** means up to [●] warrants relating to the Underlying 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

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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;

*[If the Securities are cash settled only insert:*

"**Settlement**" means cash settlement ("**Cash Settlement**");]

*[If the Securities are physically settled only insert:*

"**Settlement**" means physical settlement ("**Physical Settlement**");]

*[If the Securities are cash or physically settled at the Securityholders option insert:*

"**Settlement**" means, in respect of a Security

1. if the Securityholder has specified, in its Exercise Notice, that Physical Settlement shall apply, physical settlement ("**Physical Settlement**"), or
2. otherwise, cash settlement ("**Cash Settlement**");]

*[If the Securities are cash or physically settled at the Issuer's option insert:*

"**Settlement**" means

1. if the Issuer has selected, in its full discretion and in accordance with Product Condition 3, that Physical Settlement shall apply, physical settlement ("**Physical Settlement**"), or
2. otherwise, cash settlement ("**Cash Settlement**");]

"**Settlement Currency**" means [●];

"**Settlement Date**" means in respect of a Security and its Exercise Date, the fifth Business Day following the relevant Valuation Date or, if there is more than one Valuation Date, the last occurring relevant Valuation Date;

*[If the Securities are not cash settled only insert:*

"**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 a Physical Settlement Unit in accordance with such market method as it decides at the relevant time for delivery of the relevant Physical Settlement Unit;]

"**Strike**" means [●] [[●] per cent. of the Initial Reference Level], subject to adjustment in accordance with Product Condition 4;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

*[If any Reference Source is an exchange or trading system insert <sup>1</sup>:*

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

*[If any Reference Source is not an exchange or trading system insert <sup>1</sup>:*

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<sup>1</sup> Insert both alternatives if applicable.

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- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

"Type" means [Call] [Put].

"Underlying" means the [●] basket as defined in "Basket" above;

*[If the Securities are European and the Final Reference Level is determined on one single day and the valuations in the event of market disruption will be done in relation to the basket as a whole insert:*

"Valuation Date" means [the [●] Trading Day following the relevant Exercise Date] [the relevant Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth<sup>2</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth<sup>3</sup> Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth<sup>4</sup> Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Final Reference Level is determined on one single day and the valuations in the event of market disruption will be done in relation to each constituent in the basket :*

"Valuation Date" means [the [●] Trading Day following the relevant Exercise Date] [the relevant Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on any such day, then the relevant Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Valuation Date and the Valuation Date for each Underlying affected (each an "**Affected Item**") by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Affected Item, unless there is a Market Disruption Event relating to the Affected Item 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 then (A) the fifth Trading Day shall be deemed to be the Valuation Date for the Af-

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<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> If there are more than five Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>3</sup> If there are more than five Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>4</sup> If there are more than five Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

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ected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Securities are European and the Final Reference Level is determined on several consecutive days and the valuations in the event of market disruption will be done in relation to the basket as a whole, insert:*

**"Valuation Date"** means [each of the first ●][●] [Trading Days] [calendar days] following the relevant Exercise Date for such Security] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth<sup>2</sup> Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Securities are European and the Final Reference Level is determined on several consecutive days and the valuations in the event of market disruption will be done in relation to each constituent in the basket, insert:*

**"Valuation Date"** means [each of the first ●][●] [Trading Days] [calendar days] following the Exercise Date for such Security] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Valuation Date and the Valuation Date for each Underlying affected (each an **"Affected Item"**) by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Affected Item, unless there is a Market Disruption Event relating to the Affected Item 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 then (A) the fifth Trading Day shall be deemed to be the Valuation Date for the Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent

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<sup>1</sup> If there are more than five Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>2</sup> If there are more than five Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

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shall determine the Reference Level for the Valuation Date by determining the price or level of the Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Securities are European and the Final Reference Level is determined on several consecutive days insert:*

**"Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters 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

*Insert Product Condition 3 template for cash or physical Warrants & Certificates*

### 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

### 5. Governing Law

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

*[Where the Securities are governed by English law, insert:]*

## BASKET LINKED WARRANTS

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

BASKET LINKED WARRANTS

**INFORMATION RELATING TO THE UNDERLYING**





**MULTI SERIES SINGLE UNDERLYING LINKED WARRANTS**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**8.**

**MULTI SERIES SINGLE UNDERLYING LINKED WARRANTS**

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## MULTI SERIES SINGLE UNDERLYING LINKED WARRANTS

*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [*If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [*If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

*If Settlement is cash only insert:*

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;

*If Settlement is not cash only insert:*

"**Business Day**" means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and (ii) if applicable, in relation to delivery of the Physical Settlement Amount [a day on which the Physical Delivery Clearing System is open for business/*specify relevant business day for other physical delivery method*];

"**Calculation Agent**" means the Issuer, subject to the provisions of General Condition 5;

*If the Securities have a Cap Amount insert:*

"**Cap Amount**" means, in respect to each Series, the amount specified to be the Cap Amount in the table in "Securities" below;

*If the Settlement Currency is the same as the Reference Currency and/or if the Security is a quanto security and Warrants are not Capped insert:*

## MULTI SERIES SINGLE UNDERLYING LINKED WARRANTS

**"Cash Settlement Amount"** means, in respect to each Series, an amount determined by the Calculation Agent as follows:

If the definition of Type specifies "Call":

$$\text{(Final Reference Level – Strike) x Multiplier}$$

or

If the definition of Type specifies "Put":

$$\text{(Strike – Final Reference Level) x Multiplier}$$

Provided that the Cash Settlement Amount shall not be less than zero. The Cash Settlement Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

***If the Settlement Currency is the same as the Reference Currency and/or if the Security is a quanto security and Warrants are Capped insert:***

**"Cash Settlement Amount"** means, in respect to each Series, an amount determined by the Calculation Agent as follows:

If the definition of Type specifies "Call":

$$\text{(Final Reference Level – Strike) x Multiplier,}$$

or

If the definition of Type specifies "Put":

$$\text{(Strike – Final Reference Level) x Multiplier}$$

provided that the Cash Settlement Amount shall not be greater than the amount determined by the Calculation Agent as follows:

If the definition of Warrants Type specifies "Call":

$$\text{(Cap Amount – Strike) x Multiplier,}$$

or

If the definition of Type specifies "Put":

$$\text{(Strike – Cap Amount) x Multiplier}$$

Provided that the Cash Settlement Amount shall not be less than zero. The Cash Settlement Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

***If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security and Warrants are not Capped insert:***

**"Cash Settlement Amount"** means, in respect to each Series, an amount determined by the Calculation Agent as follows:

If the definition of Type specifies "Call":

$$\text{(Final Reference Level – Strike) x Multiplier}$$

or

If the definition of Type specifies "Put":

$$\text{(Strike - Final Reference Level) x Multiplier}$$

Provided that the Cash Settlement Amount shall not be less than zero. The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day] ].

## MULTI SERIES SINGLE UNDERLYING LINKED WARRANTS

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;

***If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security and Warrants are Capped insert:***

**"Cash Settlement Amount"** means, in respect to each Series, an amount determined by the Calculation Agent as follows:

If the definition of Type specifies "Call": =

$$\text{(Final Reference Level - Strike) x Multiplier}$$

or

If the definition of Type specifies "Put": =

$$\text{(Strike - Final Reference Level) x Multiplier}$$

provided that the Cash Settlement Amount shall not be greater than the amount determined by the Calculation Agent as follows:

If the definition of Type specifies "Call":

$$\text{(Cap Amount - Strike) x Multiplier,}$$

or

If the definition of Type specifies "Put":

$$\text{(Strike - Cap Amount) x Multiplier}$$

Provided that the Cash Settlement Amount shall not be less than zero. The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day] ].

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 [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent);

***If Settlement is not cash only insert:***

**"Delivery Details"** means [the account details of the Securityholder's securities account with [●] (the **"Physical Delivery Clearing System"**) for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/*specify other relevant details for physical delivery method*];

***If Settlement is not cash only insert:***

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

## MULTI SERIES SINGLE UNDERLYING LINKED WARRANTS

***If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:***

**"Exchange Rate"** means, in respect of each Series and in relation to the Underlying and any day, the rate of exchange prevailing at the time as defined in the column "Time of Exchange Rate determination" in "Securities" below (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;

***If European style insert:***

**["Exercise Date"** means, in respect of each Series, the date specified to be Exercise Date in the table in "Securities" or, if such day is not a Business Day, the first succeeding Business Day]

***If American style insert:***

**"Exercise Date"** means any Business Day during the Exercise Period;

**"Exercise Period"** means, in respect of each Series, the period specified to be Exercise Period in the table in "Securities". If the last day of the period specified in the table is not a Business Day, the last day will be the first succeeding Business Day;

***If Bermudan style insert:***

**"Exercise Date"** means [the [first] [last] [●] Business Day of each [week] [month] [quarter] [year] [●] during the Exercise Period] [[●] *insert range of specific dates*];

**["Exercise Period"** means, in respect of each Series, the period specified to be Exercise Period in the table in "Securities". If the last day of the period specified in the table is not a Business Day, the last day will be the first succeeding Business Day;]

**"Exercise Notice"** means the notice described in Product Condition 3;

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;

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

***Insert if needed***

**"Issue Date"** means [●];

**"Issuer"** means Deutsche Bank AG [London];

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

***Where automatic exercise does not apply insert if needed:***

**"Maximum Exercise Amount"** means, in respect of each Series, the number of Securities specified to be the Maximum Exercise Amount in the table in "Securities" below;

## MULTI SERIES SINGLE UNDERLYING LINKED WARRANTS

*[If the Securities are (1) European Style and where automatic exercise does not apply in relation to the Securities (2) American or Bermudan Style insert if needed:]*

**"Minimum Exercise Amount"** means, in respect of each Series, the number of Securities specified to be the Minimum Exercise Amount in the table in "Securities" below;

**"Multiplier"** means, in respect of each Series, the number specified to be the Multiplier in the table in "Securities" below, subject to adjustment in accordance with Product Condition 4;

*[If the issuer has the right to select either Cash Settlement or Physical Settlement insert:]*

**"Notice Period"** means [●] days;]

*[If the Underlying is share, other security, fund share or currency amount and if Settlement is not cash only insert:]*

**"Physical Settlement Amount"** means, in respect of each Series, [●] unit[s] of the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]

*[If the Underlying is index, commodity and if Settlement is not cash only insert:]*

**"Physical Settlement Amount"** means, in respect of each Series, [●] unit[s] of [●] [certificate (s) relating to] [●] the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert]*

## MULTI SERIES SINGLE UNDERLYING LINKED WARRANTS

**"Reference Currency"** means, in respect of each Series, the currency specified to be the Reference Currency in the table in "Securities" below, subject to adjustment in accordance with Product Condition 4;

**"Reference Level"** means, in respect of any day and in respect of each Series, subject to Product Condition 4, an amount (which shall be deemed to be a monetary value in the [Settlement]<sup>1</sup> [Reference]<sup>2</sup> Currency) equal to the price or level of the Underlying quoted by the Reference Source on such day, as determined by the Calculation Agent in the manner described under "Reference Level determination" in the table in "Securities";

**"Reference Source"** means, in respect of each Series, the reference source or reference sources specified in the table in "Securities" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

**"Securities"** means in respect of each series of warrants (each a **"Series"** identified by its ISIN) set out in the table below, the quantity of warrants (the **"Issue Volume"**) relating to the Underlying represented by a separate Global Security for each Series and each a **"Security"**. The General Conditions shall be deemed to apply to each Series separately and references to "Securities" and related expressions in the General Conditions shall be deemed to be references to the relevant Series:

| [WKN]<br>[ISIN] | Type | Strike | [Cap<br>Amount<br>] | Multi-<br>plier | [Exercise<br>Date]<br>[Exercise<br>Period] | Reference<br>Level<br>determination | [Refe-<br>rence<br>Cur-<br>rency] | [Time of<br>Exchange-<br>Rate deter-<br>mination] | [Min.<br>Exercise] | [Max.<br>Exercise] |
|-----------------|------|--------|---------------------|-----------------|--|-------------------------------------|-----------------------------------|---|--------------------|--------------------|
|-----------------|------|--------|---------------------|-----------------|--|-------------------------------------|-----------------------------------|---|--------------------|--------------------|

*[For each type of underlying insert:*

**1 Type of Underlying:** [●]

*[For each Name of underlying insert:*

Name of underlying: [●]

Sponsor or Issuer of underlying: [●]

Reference Source: [●]

Issue Volume: Each [WKN][ISIN] [●] securities]

*[For each series insert:*

|     |     |     |     |     |     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

]

**"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;

***If the Securities are cash settled only insert:***

1 Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

2 Insert if the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security.



## MULTI SERIES SINGLE UNDERLYING LINKED WARRANTS

"**Settlement**" means cash settlement ("**Cash Settlement**");

*If the Securities are physically settled only insert:*

"**Settlement**" means physical settlement ("**Physical Settlement**");

*If the Securities are cash or physically settled at a securityholder's choice insert:*

"**Settlement**" means, in respect of each Series

1. if the Securityholder has specified, in its Exercise Notice, that Physical Settlement shall apply, physical settlement ("**Physical Settlement**"), or
2. otherwise, cash settlement ("**Cash Settlement**");

*If the Securities are cash or physically settled at the issuer's choice insert:*

"**Settlement**" means, in respect of each Series

1. if the Issuer has selected, in its full discretion and in accordance with Product Condition 3, that Physical Settlement shall apply, physical settlement ("**Physical Settlement**"), or
2. otherwise, cash settlement ("**Cash Settlement**");

"**Settlement Currency**" means [●];

"**Settlement Date**" means in respect of a Security and its Exercise Date, the [fifth] [●] Business Day following the relevant Valuation Date;

*If Settlement is not cash only insert:*

"**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 a Physical Settlement Unit in accordance with such market method as it decides at the relevant time for delivery of the relevant Physical Settlement Unit;

"**Strike**" means, in respect of each Series, the amount specified to be the Strike in the table in "Securities" above, subject to adjustment in accordance with Product Condition 4;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

*[If any Reference Source is an exchange or trading system insert <sup>1</sup>:*

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

*[If any Reference Source is not an exchange or trading system insert <sup>2</sup>:*

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

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<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.

## MULTI SERIES SINGLE UNDERLYING LINKED WARRANTS

"**Type**" means in respect of each Series, either Call or Put, as specified under "Type" in the table in "Securities" above;

"**Underlying**" means, in respect of each Series, the asset specified to be the Underlying in the table in "Securities" above;

"**Valuation Date**" means [the [●] Trading Day following the relevant Exercise Date] [the relevant Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.

Terms with initial capital letters which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

### 1. 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.

**2. Exercise Rights and Exercise Procedure**

*Insert Product Condition 3 template for cash or physical Warrants & Certificates*

**3. Adjustment Provisions**

*Insert Product Condition 4 template for relevant Underlying*

**4. Governing Law**

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

*[Where the Securities are governed by English law, insert:]*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

MULTI SERIES SINGLE UNDERLYING LINKED WARRANTS

**INFORMATION RELATING TO THE UNDERLYING**

**SINGLE UNDERLYING LINKED WAVES**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**9.**

**SINGLE UNDERLYING LINKED WAVES (Warrant Alternative Vehicles)**





## SINGLE UNDERLYING LINKED WAVES

*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [If Deutsche Bank AG London is Issuer insert: its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [If Deutsche Bank AG Frankfurt is Issuer insert: its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

"**Barrier Determination Amount**" means [at any time] on any Barrier Determination Date, an amount equal to the [●] [official closing] [traded price] [price] [level] [●] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> [at such time] on such day determined by the Calculation Agent, provided that if a Market Disruption Event has occurred and is prevailing at such time on such day, no Barrier Determination Amount shall be calculated for such time;

"**Barrier Determination Date**" means each Trading Day during the Barrier Determination Period;

"**Barrier Determination Period**" means the period from [and including] [●] to [and including] the [●] [relevant time for the determination of the Final Reference Level on the last occurring Valuation Date, as specified in the definition of the Reference Level];]

[If the Securities are not WAVES XXL insert:

"**Barrier Level**" means [●] [[●] per cent of the Initial Reference Level];]

[For WAVES XXL insert:

"**Barrier Level**" means

- on the Issue Date: [●],
- thereafter: an amount determined by the Calculation Agent on each Barrier Level Adjustment Date to be equal to

[If Type is Call

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<sup>1</sup> Insert mode for determination of the Barrier Determination Amount.

## SINGLE UNDERLYING LINKED WAVES

the sum of the Strike at the end of the Barrier Level Adjustment Date and the Barrier Level Adjustment Amount,]

### **[If Type is Put**

the difference between (a) – b))

- a) the Strike at the end of the Barrier Level Adjustment Date and
- b) the Barrier Level Adjustment Amount,

rounded to the nearest [two decimal places] [whole unit], [0.005] [half a unit] being rounded upwards; [the Issuer will publish the Barrier Level on each Barrier Level Adjustment Date following the Issue Date [●];]

**"Barrier Level Adjustment Amount"** means the product of

- 1) the Barrier Level Adjustment Factor and
- 2) the Strike at the end of the relevant Barrier Level Adjustment Date,

[provided that the Barrier Level Adjustment Amount shall not be less than [●] per cent. and not be greater than [●] per cent. of the Strike];

**"Barrier Level Adjustment Date"** means, following (and excluding) the Issue Date, the [●] [●] day of each [month] [●] or, if any such day is not a Business Day, the next following Business Day;

**"Barrier Level Adjustment Factor"** means

- on the Issue Date: [●],
- thereafter: a percentage determined by the Calculation Agent in its reasonable discretion, taking account of the market conditions (including the volatility);]

### **[If Settlement is cash only insert:**

**"Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro if applicable, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;]

### **[If Settlement is not cash only insert:**

**"Business Day"** means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purposes of making payments in euro if applicable, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and (ii) if applicable, in relation to delivery of the Physical Settlement Amount [a day on which the Physical Delivery Clearing System is open for business/specify relevant business day for other physical delivery method];]

**"Calculation Agent"** means the Issuer, subject to the provisions of General Condition 5;



## SINGLE UNDERLYING LINKED WAVES

*[If the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security insert:]*

*[If Type is Call]*

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows:

- 1) if, in the determination of the Calculation Agent, [●] during the Barrier Determination Period the Barrier Determination Amount has been equal to or less than the Barrier Level (such event a "**Knock-Out Event**"),

*[If the Securities are not WAVEs Return or WAVEs XXL insert:]* zero]

*[If the Securities are WAVEs Return or WAVEs XXL insert:]*

(Stop Loss Reference Level – Strike) x Multiplier];

- 2) otherwise, (Final Reference Level – Strike) x Multiplier

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;]

*[If Type is Put]*

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows:

- 1) if, in the determination of the Calculation Agent, [●] during the Barrier Determination Period the Barrier Determination Amount has been equal to or greater than the Barrier Level (such event a "**Knock-Out Event**"),

*[If the Securities are not WAVEs Return or WAVEs XXL insert:]* zero]

*[If the Securities are WAVEs Return or WAVEs XXL insert:]*

(Strike – Stop Loss Reference Level) x Multiplier];

- 2) otherwise, (Strike - Final Reference Level) x Multiplier

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;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:]*

*[If Type is Call]*

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows:

- 1) if, in the determination of the Calculation Agent, [●] during the Barrier Determination Period the Barrier Determination Amount has been equal to or less than the Barrier Level (such event a "**Knock-Out Event**"),

*[If the Securities are not WAVEs Return or WAVEs XXL insert:]* zero]

*[If the Securities are WAVEs Return or WAVEs XXL insert:]*

(Stop Loss Reference Level – Strike) x Multiplier];

- 2) otherwise, (Final Reference Level – Strike) x Multiplier

## SINGLE UNDERLYING LINKED WAVES

converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day].

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;]

### **[If Type is Put**

"**Cash Settlement Amount**" means, with respect to each Security an amount determined by the Calculation Agent as follows:

- 1) if, in the determination of the Calculation Agent, [●] during the Barrier Determination Period the Barrier Determination Amount has been equal to or greater than the Barrier Level (such event a "**Knock-Out Event**"),

**[If the Securities are not WAVES Return or WAVES XXL insert: zero]**

**[If the Securities are WAVES Return or WAVES XXL insert:**

(Strike – Stop Loss Reference Level) x Multiplier];

- 2) otherwise, (Strike - Final Reference Level) x Multiplier

converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day].

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 [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depository holding the Global Security on behalf of the Clearing Agent.);

### **[If Settlement is not cash only insert:**

"**Delivery Details**" means [the account details of the Securityholder's securities account with [●] (the "**Physical Delivery Clearing System**") for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/*specify other relevant details for physical delivery method*];]

### **[If Settlement is not cash only insert:**

"**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 taking into account the value of any Physical Settlement Units delivered less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer acting in a reasonable manner;]

### **[For WAVES XXL insert if needed:**

## SINGLE UNDERLYING LINKED WAVES

"**Dividend Factor**" means an amount determined by the Calculation Agent, in its reasonable discretion, on the basis of the dividends paid or expected to be paid, as the case may be, for the Underlying during the Dividend Period;

"**Dividend Period**" means the period from (and including) the last occurring Strike Adjustment Date to (and excluding) the next following Strike Adjustment Date;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

"**Exchange Rate**" means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

*[If European style insert:*

"**Exercise Date**" means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

*[If Bermudan style insert:*

"**Exercise Date**" means [the [first] [last] [●] Business Day of each [week] [calendar month] [quarter] [year] [●] during the Exercise Period] [[●] *insert range of specific dates*];

"**Exercise Period**" means the period commencing on (and [excluding][including]) [●] up to and (and [excluding][including]) [●] or, if such day is not a Business Day, the first succeeding Business Day;]

"**Exercise Notice**" means the notice described in Product Condition 3; "**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;

*[For WAVES XXL insert:*

"**Funding Costs**" means the product of

*[If Type is Call*

1. the sum of the Reference Rate and the Interest Adjustment Factor]

*[If Type is Put*

1. the difference between (a) – b))
  - a) the Reference Rate and
  - b) the Interest Adjustment Factor,]
2. the Strike determined on the last occurring Strike Adjustment Date,
3. the number of calendar days from (and excluding) the last occurring Strike Adjustment Date to (and including) the relevant day, divided by [360] [365] [●];]

## SINGLE UNDERLYING LINKED WAVES

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

["**Integral Exercise Amount**" means [●] Securities;]

*[For WAVES XXL insert:*

"**Interest Adjustment Factor**" means

- on the Issue Date: [●],
- thereafter: the interest rate determined by the Calculation Agent in its reasonable discretion, taking account of the market conditions (including the general interest level and interest expectations) at the end of each Strike Adjustment Date;]

*[Insert if needed*

"**Issue Date**" means [●];]

"**Issuer**" means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

*[Except where automatic exercise applies insert if needed:*

"**Minimum Exercise Amount**" means [● Securities];]

"**Multiplier**" means [●], subject to adjustment in accordance with Product Condition 4;

*[If the Issuer has the right to select either Cash Settlement or Physical Settlement insert:*

"**Notice Period**" means [●] days;]

*[If the Underlying is share, other security, fund share or currency amount and if Settlement is not cash only insert:*

"**Physical Settlement Amount**" means [●] unit[s] of the Underlying (each a "**Physical Settlement Unit**"), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

*[If the Underlying is index or commodity and if Settlement is not cash only insert:*

"**Physical Settlement Amount**" means [●] unit[s] of [●] [certificate (s) relating to] [●] the Underlying (each a "**Physical Settlement Unit**"), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Se-

## SINGLE UNDERLYING LINKED WAVES

curities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

*[If the Issuer has the right to redeem the Securities insert:*

**"Redemption Date"** means the date during the Redemption Period specified by the Issuer in the Redemption Notice provided that such date shall not be earlier than [●] following and excluding the date that the Redemption Notice is deemed given in accordance with General Condition 4.2 and provided further that if such date is not a Business Day, then the Redemption Date will be the immediately succeeding Business Day;

**"Redemption Notice"** means the notice described as such in Product Condition 3.1;

**"Redemption Period"** means the period commencing on and including [●];]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert*

**"Reference Currency"** means [the lawful currency of ● ] [●];]

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the [Settlement]<sup>1</sup> [Reference]<sup>2</sup> Currency] equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>3</sup> on such day [●], all as determined by the Calculation Agent;

*[For WAVES XXL insert:*

**"Reference Rate"** means the interest rate published by [●] [●] at [●];]

**"Reference Source"** means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

**"Securities"** means up to [●] WAVES [XXL] [Return] [●] (knock-out-warrants) relating to the Underlying 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

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<sup>1</sup> Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

<sup>2</sup> Insert iff the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security.

<sup>3</sup> Insert mode for determination of the Reference Level.

## SINGLE UNDERLYING LINKED WAVES

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;

*[If the Securities are cash settled only insert:]*

"**Settlement**" means cash settlement ("**Cash Settlement**");]

*[If the Securities are physically settled only and Type is Call WAVE insert:]*

"**Settlement**" means physical settlement ("**Physical Settlement**");]

*[If the Securities are cash or physically settled at the Securityholders choice and Type is Call WAVE insert:]*

"**Settlement**" means

1. if Securityholder has specified, in the Exercise Notice, that Physical Settlement shall apply, physical settlement ("**Physical Settlement**"),
2. otherwise, cash settlement ("**Cash Settlement**");]

*[If the Securities are cash or physically settled at the Issuer's option insert:]*

"**Settlement**" means

1. if the Issuer has selected, in its full discretion and in accordance with Product Condition 3, that Physical Settlement shall apply, physical settlement ("**Physical Settlement**"), or
2. otherwise, cash settlement ("**Cash Settlement**");]

"**Settlement Currency**" means [●];

"**Settlement Date**" means in respect of a Security and its Exercise Date, the fifth Business Day following the relevant Valuation Date;

*[If the Securities are not cash settled only insert:]*

"**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 a Physical Settlement Unit in accordance with such market method as it decides at the relevant time for delivery of the relevant Physical Settlement Unit;]

*[If the Issuer has the right to redeem the Securities and if the Securities do not provide for automatic settlement insert:]*

"**Settlement Notice**" means the notice described as such in Product Condition 3.2;]

*[If the Securities are WAVES Return or WAVES XXL insert:]*

"**Stop Loss Reference Level**" means, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the [Settlement]<sup>1</sup> [Reference]<sup>2</sup> Currency] determined by the Calculation Agent, in its reasonable discretion, to be the [fair market] [●] [price] [level] of the Underlying [with regard to

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1 Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

2 Insert iff the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security.

## SINGLE UNDERLYING LINKED WAVES

quotations by the Reference Source] [●]<sup>1</sup> within the Stop Loss Reference Level Valuation Period[●];

**"Stop Loss Reference Level Valuation Period"** means a period which begins at the time when the Knock-Out Event occurs and ends not more than [one] [three] [●] hour[s] later, provided that times of a Market Disruption Event on the relevant Reference Source shall not be taken into account and provided further that if the Knock-Out Event occurs less than [one] [three] [●] hours before the [official] close of [trading] [quotations] on the relevant Reference Source, the Stop Loss Reference Level Valuation Period can be extended to the next following Trading Day on such Reference Source;]

**[If the Securities are not WAVEs Return or WAVEs XXL insert:**

**"Termination Date"** means

1. if a Knock-Out Event has occurred, the relevant day; otherwise:
2. the relevant Exercise Date,

all as determined by the Calculation Agent;]

**[For WAVEs Return insert:**

**"Termination Date"** means

1. if a Knock-Out Event has occurred, the last day of the Stop Loss Reference Level Valuation Period; otherwise:
2. the relevant Exercise Date,

all as determined by the Calculation Agent;]

**[For WAVEs XXL insert:**

**"Termination Date"** means

1. if a Knock-Out Event has occurred, the last day of the Stop Loss Reference Level Valuation Period; otherwise:
2. if the Securityholder has exercised the Security, or if the Security is deemed to be exercised, in accordance with Product Condition 3, the relevant Exercise Date,
3. if the Issuer has redeemed the Security in accordance with Product Condition 3, the relevant Redemption Date,

all as determined by the Calculation Agent;]

**[If the Securities are not WAVEs XXL insert:**

**"Strike"** means [●], subject to adjustment in accordance with Product Condition 4;]

**[For WAVEs XXL insert:**

**"Strike"** means

- on the Issue Date: [●],
- thereafter: at any time, the sum of the Strike determined on the last occurring Strike Adjustment Date and the Funding Costs[, minus the Dividend Factor]

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<sup>1</sup> Insert mode for determination of the Reference Level.



## SINGLE UNDERLYING LINKED WAVES

[the Issuer will publish the Strike on each Strike Adjustment Date following the Issue Date [●];]

"**Strike Adjustment Date**" means the Issue Date and then the [●] [●] day of each [month] [●] or, if any such day is not a Business Day, the next following Business Day;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

*[If any Reference Source is an exchange or trading system insert 1:]*

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

*[If any Reference Source is not an exchange or trading system insert 2:]*

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

"**Type**" means [Call] [Put].

"**Underlying**" means the following [index] [commodity] [share] [fund] [currency amount] [bond]:

| Type of Underlying       | Name of Underlying                        | Sponsor or Issuer of Underlying | Reference Source  |
|--------------------------|---|---------------------------------|---|
| [Index]                  | [EuroLeader]                              | [Deutsche Bank AG]              | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |
| [Index]                  | [DAX]                                     | [Deutsche Börse AG]             | [Frankfurt Stock Exchange]  |
| [Commodity] <sup>3</sup> | [Fine Troy of Gold]                       | [Non applicable]                | [London Metal Exchange]   |
| [Share]                  | [Ordinary Share/common stock & ISIN etc.] |                                 |   |

1 Insert both alternatives if applicable.

2 Insert both alternatives if applicable.

3 Cash Settlement only.



## SINGLE UNDERLYING LINKED WAVES

|                     |  |  |  |
|---------------------|--|--|--|
| [Fund] <sup>1</sup> |  |  |  |
| Currency Amount     |  |  |  |
| [Bond] <sup>2</sup> |  |  |  |

**"Valuation Date"** means [the [●] Trading Day following the Termination Date] [the Termination Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.

Terms with initial capital letters 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 "**Security-**

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<sup>1</sup> Cash Settlement only.

<sup>2</sup> Cash Settlement only.

## SINGLE UNDERLYING LINKED WAVES

**holder**" 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

*Insert Product Condition 3 template for cash or physical Warrants & Certificates*

### 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

### 5. Governing Law

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

*Where the Securities are governed by English law, insert:*

[No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

### 6. Knock-Out Event

Upon the occurrence of a Knock-Out Event, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4.

SINGLE UNDERLYING LINKED WAVES

**INFORMATION RELATING TO THE UNDERLYING**



MULTI SERIES SINGLE UNDERLYING LINKED WAVES

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**10.**

**MULTI SERIES SINGLE UNDERLYING LINKED WAVES  
(Warrant Alternative Vehicles)**





*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [If Deutsche Bank AG London is Issuer insert: its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [If Deutsche Bank AG Frankfurt is Issuer insert: its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

"**Barrier Determination Amount**" means [at any time] on any Barrier Determination Date, an amount equal to the [●] [official closing] [traded price] [price] [level] [●] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> [at such time] on such day determined by the Calculation Agent, provided that if a Market Disruption Event has occurred and is prevailing at such time on such day, no Barrier Determination Amount shall be calculated for such time;

"**Barrier Determination Date**" means each Trading Day during the Barrier Determination Period;

"**Barrier Determination Period**" means the period from [and including] [●] to [and including] the [●] [relevant time for the determination of the Final Reference Amount on the last occurring Valuation Date, as specified in the definition of the Reference Level];]

[If the Securities are not WAVES XXL insert:

"**Barrier Level**" means, in respect of each Series, the amount specified to be Barrier Level in the table in "Securities";]

[For WAVES XXL insert:

"**Barrier Level**" means, in respect of each Series

- on the Issue Date: the amount specified to be the Barrier Level in the table in "Securities",
- thereafter: an amount determined by the Calculation Agent on each Barrier Level Adjustment Date to be equal to

[If Type is Call

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<sup>1</sup> Insert mode for determination of the Barrier Determination Amount.

## MULTI SERIES SINGLE UNDERLYING LINKED WAVES

the sum of the Strike at the end of the Barrier Level Adjustment Date and the Barrier Level Adjustment Amount,]

### **[If Type is Put**

the difference between (a) – b))

- a) the Strike at the end of the Barrier Level Adjustment Date and
- b) the Barrier Level Adjustment Amount,]

rounded to the nearest [two decimal places] [whole unit], [0.005] [half a unit] being rounded upwards; [the Issuer will publish the Barrier Level on each Barrier Level Adjustment Date following the Issue Date [●];

**"Barrier Level Adjustment Amount"** means the product of

- 1) the Barrier Level Adjustment Factor and
- 2) the Strike at the end of the relevant Barrier Level Adjustment Date,

[provided that the Barrier Level Adjustment Amount shall not be less than [●] per cent. and not be greater than [●] per cent. of the Strike];

**"Barrier Level Adjustment Date"** means, following (and excluding) the Issue Date, the [●] [●] day of each [month] [●] or, if any such day is not a Business Day, the next following Business Day;

**"Barrier Level Adjustment Factor"** means

- on the Issue Date: the amount specified to be the Barrier Level Adjustment Factor in the table in "Securities",
- thereafter: a percentage determined by the Calculation Agent in its reasonable discretion, taking account of the market conditions (including the volatility);]

### **[If Settlement is cash only insert:**

**"Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;]

### **[If Settlement is not cash only insert:**

**"Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and if applicable, in relation to delivery of the Physical Settlement Amount [a day on which the Physical Delivery Clearing System is open for business/specify relevant business day for other physical delivery method];]

**"Calculation Agent"** means the Issuer, subject to the provisions of General Condition 5;



## MULTI SERIES SINGLE UNDERLYING LINKED WAVES

*[If the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security insert:]*

**"Cash Settlement Amount"** means, in relation to each Series, an amount determined by the Calculation Agent as follows:

- 1) if, in the determination of the Calculation Agent, [●] during the Barrier Determination Period the Barrier Determination Amount has been

If the definition of "Type" specifies "Call":  
equal to or less than the Barrier Level

If the definition of "Type" specifies "Put":  
equal to or greater than the Barrier Level

(such event a **"Knock-Out Event"**),

*[If the Securities are not WAVEs Return or WAVEs XXL insert: zero]*

*[If the Securities are WAVEs Return or WAVEs XXL insert:*

If the definition of "Type" specifies "Call":  
(Stop Loss Reference Level – Strike) x Multiplier

If the definition of "Type" specifies "Put":  
(Strike – Stop Loss Reference Level) x Multiplier];

- 2) otherwise,

If the definition of "Type" specifies "Call":  
(Final Reference Level – Strike) x Multiplier

If the definition of "Type" specifies "Put":  
(Strike - Final Reference Level) x Multiplier

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;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:]*

**"Cash Settlement Amount"** means, in relation to each Series, an amount determined by the Calculation Agent as follows:

## MULTI SERIES SINGLE UNDERLYING LINKED WAVES

- 1) if, in the determination of the Calculation Agent, [●] during the Barrier Determination Period the Barrier Determination Amount has been

If the definition of "Type" specifies "Call":  
equal to or less than the Barrier Level

If the definition of "Type" specifies "Put":  
equal to or greater than the Barrier Level

(such event a "**Knock-Out Event**"),

*[If the Securities are not WAVEs Return or WAVEs XXL insert: zero]*

*[If the Securities are WAVEs Return or WAVEs XXL insert:*

If the definition of "Type" specifies "Call":  
(Stop Loss Reference Level – Strike) x Multiplier

If the definition of "Type" specifies "Put":  
(Strike – Stop Loss Reference Level) x Multiplier];

- 2) otherwise,

If the definition of "Type" specifies "Call":  
(Final Reference Level – Strike) x Multiplier

If the definition of "Type" specifies "Put":  
(Strike - Final Reference Level) x Multiplier

converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [Business Day immediately following the Valuation Date] [●] [or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day].

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 [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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**

## MULTI SERIES SINGLE UNDERLYING LINKED WAVES

**Agent**" and together the "**Clearing Agents**", which term will include any depository holding the Global Security on behalf of the Clearing Agent.);

**[If Settlement is not cash only insert:**

**"Delivery Details"** means [the account details of the Securityholder's securities account with [●] (the "**Physical Delivery Clearing System**") for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/*specify other relevant details for physical delivery method*];

**[If Settlement is not cash only insert:**

**"Disruption Cash Settlement Price"**, in respect of each Series, shall be the fair market value of such Security on such day as shall be selected by the Issuer taking into account the value of any Physical Settlement Units delivered less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer acting in a reasonable manner;]

**[For WAVES XXL insert if needed:**

**"Dividend Factor"** means an amount determined by the Calculation Agent, in its reasonable discretion, on the basis of the dividends paid or expected to be paid, as the case may be, for the Underlying during the Dividend Period;

**"Dividend Period"** means the period from (and including) the last occurring Strike Adjustment Date to (and excluding) the next following Strike Adjustment Date;]

**[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:**

**"Exchange Rate"** means, in respect of each Series and in relation to the Underlying and any day, the rate of exchange prevailing at the time as defined in the column "Time of Exchange Rate determination" in "Securities" below (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

**[If European style insert:**

**["Exercise Date"** means, in respect of each Series, the date specified to be Exercise Date in the table in "Securities" or, if such day is not a Business Day, the first succeeding Business Day;]

**[If American style insert:**

**"Exercise Date"** means any Business Day during the Exercise Period;

**"Exercise Period"** means, in respect of each Series, the period specified to be Exercise Period in the table in "Securities". If the last day of the period specified in the table is not a Business Day, the last day will be the first succeeding Business Day;]

**[If Bermudan style insert:**

**"Exercise Date"** means [the [first] [last] [●] Business Day of each [week] [month] [quarter] [year] [●] during the Exercise Period] [[●] *insert range of specific dates*];

## MULTI SERIES SINGLE UNDERLYING LINKED WAVES

**"Exercise Period"** means, in respect of each Series, the period specified to be Exercise Period in the table in "Securities". If the last day of the period specified in the table is not a Business Day, the last day will be the first succeeding Business Day;]

**"Exercise Notice"** means the notice described in Product Condition 3;

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;

**[For WAVES XXL insert:**

**"Funding Costs"** means the product of

**[If Type is Call**

1. the sum of the Reference Rate and the Interest Adjustment Factor]

**[If Type is Put**

1. the difference between (a) – b))
  - a) the Reference Rate and
  - b) the Interest Adjustment Factor,]
2. the Strike determined on the last occurring Strike Adjustment Date,
3. the number of calendar days from (and excluding) the last occurring Strike Adjustment Date to (and including) the relevant day, divided by [360] [365] [●];]

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

**[For WAVES XXL insert:**

**"Interest Adjustment Factor"** means

- on the Issue Date: the interest rate specified to be the Interest Adjustment Factor in the table in "Securities",
- thereafter: the interest rate determined by the Calculation Agent in its reasonable discretion, taking account of the market conditions (including the general interest level and interest expectations) at the end of each Strike Adjustment Date;

**[Insert if needed:**

**"Issue Date"** means [●];]

**"Issuer"** means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

**[Where automatic exercise does not apply insert if needed:**

**"Maximum Exercise Amount"** means, in respect of each Series, the number of Securities specified to be the Maximum Exercise Amount in the table in "Securities" below;]

## MULTI SERIES SINGLE UNDERLYING LINKED WAVES

*[Except for European Style Securities where automatic exercise applies insert if needed:*

**"Minimum Exercise Amount"** means, in respect of each Series, the number of Securities specified to be the Minimum Exercise Amount in the table in "Securities" below;]

**"Multiplier"** means, in respect of each Series, the number specified to be the Multiplier in the table in "Securities" below, subject to adjustment in accordance with Product Condition 4;

*[If the issuer has the right to select either Cash Settlement or Physical Settlement insert:*

**"Notice Period"** means [●] days;]

*[If the Underlying is share, other security, fund share or currency amount and if Settlement is not cash only insert:*

**"Physical Settlement Amount"** means, in respect of each Series, [●] unit[s] of the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

*[If the Underlying is index, commodity and if Settlement is not cash only insert:*

**"Physical Settlement Amount"** means, in respect of each Series, [●] unit[s] of [●] [certificate (s) relating to] [●] the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

*[If the Issuer has the right to redeem the Securities insert:*

**"Redemption Date"** means the date during the Redemption Period specified by the Issuer in the Redemption Notice provided that such date shall not be earlier than [●] following and excluding the date that the Redemption Notice is deemed

## MULTI SERIES SINGLE UNDERLYING LINKED WAVES

given in accordance with General Condition 4.2 and provided further that if such date is not a Business Day, then the Redemption Date will be the immediately succeeding Business Day;

"**Redemption Notice**" means the notice described as such in Product Condition 3.1;

"**Redemption Period**" means the period commencing on and including [●];]

**[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert**

"**Reference Currency**" means, in respect of each Series, the currency specified to be the Reference Currency in the table in "Securities" below, subject to adjustment in accordance with Product Condition 4;]

"**Reference Level**" means, in respect of any day and in respect of each Series, subject to Product Condition 4, an amount (which shall be deemed to be a monetary value in the [Settlement]<sup>1</sup> [Reference]<sup>2</sup> Currency) equal to the price or level of the Underlying quoted by the Reference Source on such day, as determined by the Calculation Agent in the manner described under "Reference Level determination" in the table in "Securities";

**[For WAVES XXL insert:**

"**Reference Rate**" means the interest rate published by [●] [●] at [●];]

"**Reference Source**" means, in respect of each Series, the reference source or reference sources specified in the table in "Securities" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

"**Securities**" means in respect of each series of WAVES [XXL] [Return] (knock-out-warrants) (each a "**Series**" identified by its [ISIN] [/] [WKN]) set out in the table below, the quantity of WAVES [XXL] [Return] (the "**Issue Volume**") relating to the Underlying represented by a separate Global Security for each Series and each a "**Security**". The General Conditions shall be deemed to apply to each Series separately and references to "Securities" and related expressions in the General Conditions shall be deemed to be references to the relevant Series:

|                 |      |        |               |                                   |                              |            |
|-----------------|------|--------|---------------|-----------------------------------|------------------------------|------------|
| [WKN]<br>[ISIN] | Type | Strike | Barrier Level | [Barrier Level Adjustment Factor] | [Interest Adjustment Factor] | Multiplier |
|-----------------|------|--------|---------------|-----------------------------------|------------------------------|------------|

|                                      |                               |                      |                                       |                 |                 |
|--------------------------------------|-------------------------------|----------------------|---------------------------------------|-----------------|-----------------|
| [Exercise Date]<br>[Exercise Period] | Reference Level determination | [Reference Currency] | [Time of Exchange-Rate determination] | [Min. Exercise] | [Max. Exercise] |
|--------------------------------------|-------------------------------|----------------------|---------------------------------------|-----------------|-----------------|

*[For each type of underlying insert:*

1 Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

2 Insert if the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security

**1 Type of Underlying: [●]**

*[For each Name of underlying insert:*

Name of underlying: [●]

Sponsor or Issuer of underlying: [●]

Reference Source: [●]

Issue Volume: Each [WKN][ISIN] [●] securities]

*[For each series insert:*

|     |     |     |     |     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

**"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;

*[If the Securities are cash settled only insert:*

**"Settlement"** means cash settlement ("**Cash Settlement**");]

*[If the Securities are physically settled only and Type is Call WAVE insert:*

**"Settlement"** means physical settlement ("**Physical Settlement**");]

*[If the Securities are cash or physically settled at a securityholder's choice and Type is Call WAVE insert:*

**"Settlement"** means, in respect of each Series

- 1) if the Securityholder has specified, in its Exercise Notice, that Physical Settlement shall apply, physical settlement ("**Physical Settlement**"), or
- 2) otherwise, cash settlement ("**Cash Settlement**");]

*[If the Securities are cash or physically settled at the issuer's choice and Type is Call WAVE insert:*

**"Settlement"** means, in respect of each Series

- 1) if the Issuer has selected, in its full discretion and in accordance with Product Condition 3, that Physical Settlement shall apply, physical settlement ("**Physical Settlement**"), or
- 2) otherwise, cash settlement ("**Cash Settlement**");]

**"Settlement Currency"** means [●];

**"Settlement Date"** means in respect of a Security and its Exercise Date, the fifth Business Day following the relevant Valuation Date;

*[If Settlement is not cash only insert:*

**"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 a Physical Settlement Unit in accordance with such market method as it decides at the relevant time for delivery of the relevant Physical Settlement Unit;]



*[If the Issuer has the right to redeem the Securities and if the Securities do not provide for automatic settlement insert:]*

**"Settlement Notice"** means the notice described as such in Product Condition 3.2.;

*[If the Securities are WAVEs Return or WAVEs XXL insert:]*

**"Stop Loss Reference Level"** means, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the [Settlement]<sup>1</sup> [Reference]<sup>2</sup> Currency] determined by the Calculation Agent, in its reasonable discretion, to be the [fair market] [●] [price] [level] of the Underlying [with regard to quotations by the Reference Source] [●]<sup>3</sup> within the Stop Loss Reference Level Valuation Period[●];

**"Stop Loss Reference Level Valuation Period"** means a period which begins at the time when the Knock-Out Event occurs and ends not more than [one] [three] [●] hour[s] later, provided that times of a Market Disruption Event on the relevant Reference Source shall not be taken into account and provided further that if the Knock-Out Event occurs less than [one] [three] [●] hours before the [official] close of [trading] [quotations] on the relevant Reference Source, the Stop Loss Reference Level Valuation Period can be extended to the next following Trading Day on such Reference Source.;

*[If the Securities are not WAVEs Return or WAVEs XXL insert:]*

**"Termination Date"** means, in relation to each Series

1. if a Knock-Out Event has occurred, the relevant day; otherwise:
2. the relevant Exercise Date,

all as determined by the Calculation Agent.;

*[For WAVEs Return insert:]*

**"Termination Date"** means, in relation to each Series

1. if a Knock-Out Event has occurred, the last day of the Stop Loss Reference Level Valuation Period; otherwise:
2. the relevant Exercise Date,

all as determined by the Calculation Agent.;

*[For WAVEs XXL insert:]*

**"Termination Date"** means, in relation to each Series

1. if a Knock-Out Event has occurred, the last day of the Stop Loss Reference Level Valuation Period; otherwise:

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<sup>1</sup> Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

<sup>2</sup> Insert iff the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security.

<sup>3</sup> Insert mode for determination of the Reference Level.



## MULTI SERIES SINGLE UNDERLYING LINKED WAVES

2. if the Securityholder has exercised the Security in accordance with Product Condition 3, the relevant Exercise Date,
3. if the Issuer has redeemed the Security, or if the Security is deemed to be exercised, in accordance with Product Condition 3, the relevant Redemption Date,

all as determined by the Calculation Agent;]

**[If the Securities are not WAVES XXL insert:**

**"Strike"** means, in respect of each Series, the amount specified to be the Strike in the table in "Securities" above, subject to adjustment in accordance with Product Condition 4;]

**[For WAVES XXL insert:**

**"Strike"** means, in respect of each Series

- on the Issue Date: the amount specified to be the Strike in the table in "Securities" above,
- thereafter: at any time, the sum of the Strike determined on the last occurring Strike Adjustment Date and the Funding Costs[, minus the Dividend Factor] [the Issuer will publish the Strike on each Strike Adjustment Date following the Issue Date [●];

**"Strike Adjustment Date"** means the Issue Date and then the [●] [●] day of each [month] [●] or, if any such day is not a Business Day, the next following Business Day;]

**"Trading Day"** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

**[If any Reference Source is an exchange or trading system insert 1:**

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

**[If any Reference Source is not an exchange or trading system insert 2:**

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

**"Type"** means in respect of each Series, either Call or Put, as specified under "Type" in the table in "Securities" above;

**"Underlying"** means, in respect of each Series, the asset specified to be the Underlying in the table in "Securities" above;

**"Valuation Date"** means [the [●] Trading Day following the Termination Date] [the Termination Date or, if such day is not a Trading Day, the next following

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<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.

## MULTI SERIES SINGLE UNDERLYING LINKED WAVES

Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.

Terms with initial capital letters 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

*Insert Product Condition 3 template for cash or physical Warrants & Certificates*

### 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

**5. Governing Law**

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

**6. Knock-Out Event**

Upon the occurrence of a Knock-Out Event, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4.

**INFORMATION RELATING TO THE UNDERLYING**

SINGLE UNDERLYING LINKED [DOUBLE] [●]<sup>1</sup> CHANCE CERTIFICATES (Type1)

## SECTION I: PRODUCT INFORMATION

### PRODUCT CONDITIONS

#### INFORMATION RELATING TO THE UNDERLYING ASSET

11.

SINGLE UNDERLYING LINKED [DOUBLE] [●]<sup>1</sup> CHANCE CERTIFICATES (Type1)

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<sup>1</sup> Insert correct type, ie double, triple, quadruple etc..

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SINGLE UNDERLYING LINKED [DOUBLE] [●]<sup>1</sup> CHANCE CERTIFICATES  
(Type1)

*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [If Deutsche Bank AG London is Issuer insert: its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [If Deutsche Bank AG Frankfurt is Issuer insert: its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

[If Settlement is cash only insert:

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, and if applicable any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;]

[If Settlement is not cash only insert:

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and if applicable, in relation to delivery of the Physical Settlement Amount [a day on which the Physical Delivery Clearing System is open for business/specify relevant business day for other physical delivery method];]

"**Calculation Agent**" means the Issuer, subject to the provisions of General Condition 5;

[If the Settlement Currency is the same as the Reference Currency and if the Security does not have a Multiplier insert:

"**Cash Settlement Amount**" means an amount determined by the Calculation Agent to be equal to the sum of:

- 1) the lower of:
  - a) the Final Reference Level, and

SINGLE UNDERLYING LINKED [DOUBLE] [●]<sup>1</sup> CHANCE CERTIFICATES  
(Type1)

- b) the Maximum Amount,
- 2) the Differential Amount

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;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security does not have a Multiplier insert:*

**"Cash Settlement Amount"** means an amount determined by the Calculation Agent to be equal to the sum of:

- 1) the lower of:
  - a) the Final Reference Level, and
  - b) the Maximum Amount,
- 2) the Differential Amount

converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day].

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;]

*[If the Settlement Currency is the same as the Reference Currency and if the Security has a Multiplier insert:*

**"Cash Settlement Amount"** means, with respect to each Security, an amount determined by the Calculation Agent to be equal to the product of:

- 1) the Multiplier, and
- 2) the sum of:
  - a) the lower of:
    - i) the Final Reference Level, and
    - ii) the Maximum Amount; and
  - b) the Differential Amount;

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;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security has a Multiplier insert:*

**"Cash Settlement Amount"** means, with respect to each Security, an amount determined by the Calculation Agent to be equal to the product of:

- 1) the Multiplier, and
- 2) the sum of:
  - a) the lower of:
    - i) the Final Reference Level, and



SINGLE UNDERLYING LINKED [DOUBLE] [●]<sup>1</sup> CHANCE CERTIFICATES  
(Type1)

- ii) the Maximum Amount; and
- b) the Differential Amount;

converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day].

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 [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent);

*[If Settlement is not cash only insert:*

"**Delivery Details**" means [the account details of the Securityholder's securities account with [●] (the "**Physical Delivery Clearing System**") for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/*specify other relevant details for physical delivery method*];]

"**Determination Level**" means [●] [[●] per cent of the Initial Reference Level];

"**Differential Amount**" means an amount equal to the product of:

- 1) [●]<sup>1</sup> and
- 2) the difference between ((a) -(b))
  - a) the Final Reference Level, and
  - b) the Determination Level;

subject to a minimum of zero and a maximum of [the difference] [[●] times the difference]<sup>2</sup> between the Maximum Amount and the Determination Level;

*[If Settlement is not cash only insert:*

"**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 taking into account the value of any Physical Settlement Units delivered less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer acting in a reasonable manner;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

"**Exchange Rate**" means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof

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<sup>1</sup> Insert number, 1 for double chance, 2 for triple chance etc.

<sup>2</sup> Insert number, two if triple chance, three is quadruple chance etc.

SINGLE UNDERLYING LINKED [DOUBLE] [●]<sup>1</sup> CHANCE CERTIFICATES  
(Type1)

required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means [●] or, if such day is not a Business Day, the first succeeding Business Day;

"**Exercise Notice**" means the notice described in Product Condition 3;

*[If the Final Reference Level is determined on one single day insert:]*

"**Final Reference Level**" means, subject to Product Condition 4, and as provided in the definition of "Valuation Date" an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Final Reference Level is determined on several consecutive days insert:]*

"**Final Reference Level**" means, subject to Product Condition 4, and as provided in the definition of "Valuation Date" an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

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

*[If the Determination Level or Maximum Amount is based on the Initial Reference Level, insert:]*

*[If the Initial Reference Level is determined on one single day insert:]*

"**Initial Reference Level**" means, subject to Product Condition 4, and as provided in the definition of "Initial Reference Valuation Date", an amount equal the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several consecutive days insert:]*

"**Initial Reference Level**" means, subject to Product Condition 4, and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on one single day insert:]*

"**Initial Reference Valuation Date**" means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or

SINGLE UNDERLYING LINKED [DOUBLE] [●]<sup>1</sup> CHANCE CERTIFICATES  
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level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Valuation Date"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

**"Issuer"** means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

**"Maximum Amount"** means [●] [[●] per cent of the Initial Reference Level];

*[If automatic exercise does not apply insert if needed:*

**"Maximum Exercise Amount"** means [● Securities];]

*[If automatic exercise does not apply insert if needed:*

**"Minimum Exercise Amount"** means [● Securities];]

*[If the Security has a Multiplier insert:*

**"Multiplier"** means [●] subject to adjustment in accordance with Product Condition 4;]

*[If the Underlying is share, other security, fund share or currency amount and if Settlement is not cash only insert:*

**"Physical Settlement Amount"** means [●] unit[s] of the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

SINGLE UNDERLYING LINKED [DOUBLE] [●]<sup>1</sup> CHANCE CERTIFICATES  
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such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

**[If the Underlying is index or commodity and if Settlement is not cash only insert:**

**"Physical Settlement Amount"** means [●] unit[s] of [●] [certificate (s) relating to] [●] the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

**"Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;

**[If the Settlement Currency is not the same as the Reference Currency insert:**

**"Reference Currency"** means [●];]

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the [Settlement]<sup>1</sup> [Reference]<sup>2</sup> Currency)] equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>3</sup> on such day [●], as determined by the Calculation Agent;

**"Reference Source"** means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

**"Securities"** means [up to] [●] [double] [●]<sup>4</sup> chance certificates relating to the Underlying represented by the Global Security and each a **"Security"**;

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1 Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security

2 Insert if the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security

3 Insert mode for determination of the Reference Level.

4 Insert correct type, ie double, triple, quadruple etc.

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**"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;

*[If the Securities are not cash settled only insert:]*

**"Settlement"** means [●];

- 1) [if the Final Reference Level is equal to or less than the Determination Level, physical settlement ("**Physical Settlement**")],
- 2) otherwise, cash settlement ("**Cash Settlement**");]

*[If the Securities are cash settled only insert:]*

**"Settlement"** means cash settlement ("**Cash Settlement**");]

**"Settlement Currency"** means [●];

**"Settlement Date"** means [●] [the fifth Business Day following the last occurring Valuation Date];

*[If the Securities are not cash settled only insert:]*

**"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 a Physical Settlement Unit in accordance with such market method as it decides at the relevant time for delivery of the relevant Physical Settlement Unit;]

**"Trading Day"** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

*[If any Reference Source is an exchange or trading system insert 1:]*

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

*[If any Reference Source is not an exchange or trading system insert 2:]*

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

**"Underlying"** means the following [index] [share] [other security] [fund share] [commodity] [currency amount]:

| Type of Underlying | Name of Underlying | Sponsor or Issuer of Underlying | Reference Source |
|--------------------|--------------------|---------------------------------|------------------|
|                    |                    |                                 |                  |

<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.

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|                   |   |                     |   |
|-------------------|---|---------------------|---|
| [Index]           | [EuroLeader]                              | [Deutsche Bank AG]  | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |
| [Index]           | [DAX]                                     | [Deutsche Börse AG] | [Frankfurt Stock Exchange]  |
| [Share]           | [Ordinary Share/common stock & ISIN etc.] |                     |   |
| [Other Security]  |   |                     |   |
| [Fund Share]      |   |                     |   |
| [Commodity]       | [Fine Troy of Gold]                       | [Non applicable]    | [London Metal Exchange]   |
| [Currency Amount] |   |                     |   |

***[If the Final Reference Level is determined on one single day insert:]***

"**Valuation Date**" means [the [●] Trading Day following the Exercise Date] [the Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

***[If the Final Reference Level is determined on several consecutive days insert:]***

"**Valuation Date**" means [each of the first [●][●] [Trading Days] [calendar days] following the Exercise Date [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless,



# SINGLE UNDERLYING LINKED [DOUBLE] [●]<sup>1</sup> CHANCE CERTIFICATES (Type1)

in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

*[If the Final Reference Level is determined on several consecutive days insert:*

**"Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters 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**

*Insert Product Condition 3 template warrants and certificates cash and physical settlement*

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**4. Adjustment Provisions**

*Insert Product Condition 4 template for relevant Underlying*

**5. Governing Law**

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]



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(Type1)

**INFORMATION RELATING TO THE UNDERLYING**



**SINGLE UNDERLYING LINKED DOUBLE CHANCE CERTIFICATES (Type 2)**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**12.**

**SINGLE UNDERLYING LINKED DOUBLECHANCE CERTIFICATES (Type 2)**

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*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

**"Affiliate"** means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **"control"** means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and **"controlled by"** and **"controls"** shall be construed accordingly;

**"Agent"** means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through *[If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the **"Principal Agent"**) and through its principal office in Frankfurt am Main] *[If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the **"Principal Agent"**) and through its branch office in London (Deutsche Bank AG London)], (each an **"Agent"** 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], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and if applicable, in relation to delivery of the Physical Settlement Amount [a day on which the Physical Delivery Clearing System is open for business/specify relevant business day for other physical delivery method];

**"Calculation Agent"** means the Issuer, subject to the provisions of General Condition 5;

*[If the Settlement Currency is the same as the Reference Currency insert:*

**"Cash Settlement Amount"** means, with respect to each Security, an amount determined by the Calculation Agent to be equal:

- 1) if the Final Reference Level is greater than the Initial Reference Level and equal to or less than the Determination Level: the product of:
  - a) the Multiplier; and
  - b) the difference between:
    - i) the Final Reference Level; and
    - ii) the Initial Reference Level;
- 2) if the Final Reference Level is greater than the Determination Level and equal to or less than the Maximum Amount: the product of:
  - a) the Multiplier; and

## SINGLE UNDERLYING LINKED DOUBLE CHANCE CERTIFICATES (Type 2)

- b) the difference between:
  - i) the Maximum Amount; and
  - ii) the Final Reference Level;
- 3) if the Final Reference Level is greater than the Maximum Amount: the product of :
  - a) the Final Reference Level; and
  - b) (i) minus (ii):
    - i) the quotient of
      - (1) the product (as a numerator) of
        - (a) the Maximum Amount; and
        - (b) the Multiplier;
      - (2) the Final Reference Level (as a denominator);
    - ii) the Physical Determination Amount;

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;]

***[If the Settlement Currency is not the same as the Reference Currency insert:]***

**"Cash Settlement Amount"** means, with respect to each Security, an amount determined by the Calculation Agent to be equal:

- 1) if the Final Reference Level is greater than the Initial Reference Level and equal to or less than the Determination Level: the product of:
  - a) the Multiplier; and
  - b) the difference between:
    - i) the Final Reference Level; and
    - ii) the Initial Reference Level;
- 2) if the Final Reference Level is greater than the Determination Level and equal to or less than the Maximum Amount: the product of:
  - a) the Multiplier; and
  - b) the difference between:
    - i) the Maximum Amount; and
    - ii) the Final Reference Level;
- 3) if the Final Reference Level is greater than the Maximum Amount: the product of:
  - a) the Final Reference Level; and
  - b) the difference between
    - i) the quotient of
      - (1) the product of
        - (a) the Maximum Amount; and

## SINGLE UNDERLYING LINKED DOUBLE CHANCE CERTIFICATES (Type 2)

- (b) the Multiplier;
- (2) the Final Reference Level;
- ii) the Physical Determination Amount;

converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day].

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 [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent);

**"Delivery Details"** means [the account details of the Securityholder's securities account with [●] (the **"Physical Delivery Clearing System"**) for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/*specify other relevant details for physical delivery method*];

**"Determination Level"** means [●] [[●] per cent of the Initial Reference Level];

**"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 taking into account the value of any Physical Settlement Units delivered less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer acting in a reasonable manner;

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

**"Exchange Rate"** means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

**"Exercise Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;

**"Exercise Notice"** means the notice described in Product Condition 3;

*[If the Final Reference Level is determined on one single day insert:*

**"Final Reference Level"** means, subject to Product Condition 4, and as provided in the definition of "Valuation Date" an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Final Reference Level is determined on several consecutive days insert:*

## SINGLE UNDERLYING LINKED DOUBLE CHANCE CERTIFICATES (Type 2)

**"Final Reference Level"** means, subject to Product Condition 4, and as provided in the definition of "Valuation Date" an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

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

*[If the Determination Level or Maximum Amount is based on the Initial Reference Level, insert:*

*[If the Initial Reference Level is determined on one single day insert:*

**"Initial Reference Level"** means, subject to Product Condition 4, and as provided in the definition of "Initial Reference Valuation Date", an amount equal the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Level"** means, subject to Product Condition 4, and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on one single day insert:*

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Valuation Date"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first suc-



## SINGLE UNDERLYING LINKED DOUBLE CHANCE CERTIFICATES (Type 2)

ceeding Initial Reference Valid Date has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

*[Insert if needed:*

**"Issue Date"** means [●];]

**"Issuer"** means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

**"Maximum Amount"** means [●] [[●][130%] per cent. of the Initial Reference Level];

*[If automatic exercise does not apply insert if needed:*

**"Maximum Exercise Amount"** means [● Securities];]

*[If automatic exercise does not apply insert if needed:*

**"Minimum Exercise Amount"** means [● Securities];]

**"Multiplier"** means [●] subject to adjustment in accordance with Product Condition 4;

**"Physical Determination Amount"** means a number of Physical Settlement Units equal to the quotient of:

- 1) the Multiplier; and
- 2) the quotient of:
  - a) the Maximum Amount (as numerator); and
  - b) the Final Reference Level (as denominator);

The Physical Determination Amount will be rounded downwards to the nearest whole Physical Settlement Unit;

**"Physical Settlement Amount"** means

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

## SINGLE UNDERLYING LINKED DOUBLE CHANCE CERTIFICATES (Type 2)

- 1) If the Final Reference Level is equal to or less than the Maximum Amount: [●] Physical Settlement Unit(s);
- 2) If the Final Reference Level is greater than the Maximum Amount: the Physical Determination Amount;

**"Physical Settlement Unit"** means each unit of the Underlying;

**"Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;

**[If the Settlement Currency is not the same as the Reference Currency insert:]**

**"Reference Currency"** means [●];

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the [Settlement]<sup>1</sup> [Reference]<sup>2</sup> Currency)] equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>3</sup> on such day [●], as determined by the Calculation Agent;

**"Reference Source"** means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

**"Securities"** means [up to] [●] [double] [●]<sup>4</sup> chance certificates relating to the Underlying 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"** means

- 1) if the Final Reference Level is equal to or less than the Initial Reference Level, physical settlement ("**Physical Settlement**"),
- 2) otherwise, cash settlement ("**Cash Settlement**") and Physical Settlement;

**"Settlement Currency"** means [●];

**"Settlement Date"** means [●] [the fifth Business Day following the last occurring Valuation Date];

**"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 a Physical Settlement Unit in accordance with such market method as it decides at the relevant time for delivery of the relevant Physical Settlement Unit;

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<sup>1</sup> Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

<sup>2</sup> Insert if the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security.

<sup>3</sup> Insert mode for determination of the Reference Level.

<sup>4</sup> Insert correct type, ie double, triple, quadruple etc.

## SINGLE UNDERLYING LINKED DOUBLE CHANCE CERTIFICATES (Type 2)

**"Trading Day"** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

**[If any Reference Source is an exchange or trading system insert 1:]**

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

**[If any Reference Source is not an exchange or trading system insert 2:]**

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

**"Underlying"** means the following [index] [share] other security] [fund share] [commodity] [currency amount]:

| Type of Underlying | Name of Underlying                        | Sponsor or Issuer of Underlying | Reference Source  |
|--------------------|---|---------------------------------|---|
| [Index]            | [EuroLeader]                              | [Deutsche Bank AG]              | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |
| [Index]            | [DAX]                                     | [Deutsche Börse AG]             | [Frankfurt Stock Exchange]  |
| [Share]            | [Ordinary Share/common stock & ISIN etc.] |                                 |   |
| [Other Security]   |   |                                 |   |
| [Fund Share]       |   |                                 |   |
| [Commodity]        | [Fine Troy of Gold]                       | [Non applicable]                | [London Metal Exchange]   |

<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.

## SINGLE UNDERLYING LINKED DOUBLE CHANCE CERTIFICATES (Type 2)

|                   |  |  |  |
|-------------------|--|--|--|
| [Currency Amount] |  |  |  |
|-------------------|--|--|--|

***[If the Final Reference Level is determined on one single day insert:***

**"Valuation Date"** means [the [●] Trading Day following the Exercise Date] [the Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

***[If the Final Reference Level is determined on several consecutive days insert:***

**"Valuation Date"** means [each of the first] [●] [Trading Days] [calendar days] following the Exercise Date [or, if such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

***[If the Final Reference Level is determined on several consecutive days insert:***

**"Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters 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 pur-

## SINGLE UNDERLYING LINKED DOUBLE CHANCE CERTIFICATES (Type 2)

poses 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

*Insert Product Condition 3 template warrants and certificates cash and physical settlement*

### 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

### 5. Governing Law

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

**INFORMATION RELATING TO THE UNDERLYING**

**SINGLE UNDERLYING LINKED BEST CHANCE CERTIFICATES**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**13.**

**SINGLE UNDERLYING LINKED BEST CHANCE CERTIFICATES**

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## SINGLE UNDERLYING LINKED BEST CHANCE CERTIFICATES

*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [*If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [*If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

"**BestChance Reference Level**" means, subject to Product Condition 4, an amount equal to the [lowest] [lower] [Reference Level] [of the Reference Levels] [●] [on the Initial Reference Valuation Date and [●] or, if such day is not a Trading Day, the next following Trading Day]] [on any Trading Day during the period commencing on (and [excluding][including]) [●] up to and excluding the Exercise Date] [as determined by the Calculation Agent and without regard to any subsequently published correction]<sup>1</sup> or [(having regard to any correction thereto published before the last occurring Initial Reference Valuation Date but without regard to any correction published on or after the last occurring Initial Reference Valuation Date), all as determined by the Calculation Agent]<sup>2</sup>;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business [and for the purpose of making payments in euro any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open] [●];

"**Calculation Agent**" means the Issuer, subject to the provisions of General Condition 5;

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows: *Update formula as applicable*

$$\text{Initial Amount} \times \left( \frac{\text{Final Reference Level}}{\text{BestChance - Reference Level}} \right)$$

<sup>1</sup> Insert if subsequent corrections of the Reference Levels are not to be taken into account.

<sup>2</sup> Insert if subsequent corrections of the Reference Levels are to be taken into account.

## SINGLE UNDERLYING LINKED BEST CHANCE CERTIFICATES

subject to a maximum of the Maximum Amount. The Cash Settlement Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**"Clearing Agent"** means [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 Security-holders in accordance with General Condition 4 (each a **"Clearing Agent"** and together the **"Clearing Agents"**, which term will include any depository holding the Global Security on behalf of the Clearing Agent);

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:]*

**"Exchange Rate"** means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

**"Exercise Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;

**"Exercise Notice"** means the notice described in Product Condition 3;

*[If the Final Reference Level is determined on one single day insert:]*

**"Final Reference Level"** means, subject to Product Condition 4, and as provided in the definition of "Valuation Date", an amount equal to the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction (s);]

*[If the Final Reference Level is determined on several consecutive days insert:]*

**"Final Reference Level"** means, subject to Product Condition 4, and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction (s);]

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

**"Initial Amount"** means [●][[●] per cent of the Initial Reference Level];

*[If the Initial Reference Level is fixed before issuance insert:]*

**"Initial Reference Level"** means, subject to Product Condition 4, [●];]

*[If the Initial Reference Level is determined on one single day insert:]*

**"Initial Reference Level"** means, subject to Product Condition 4, and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several days insert:]*

**"Initial Reference Level"** means, subject to Product Condition 4, and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the

## SINGLE UNDERLYING LINKED BEST CHANCE CERTIFICATES

arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

***[If the Initial Reference Level is determined on one single day insert:***

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

***[If the Initial Reference Level is determined on several consecutive days insert:***

**"Initial Reference Valuation Date"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

***[If the Initial Reference Level is determined on several consecutive days insert:***

**"Initial Reference Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

***[Insert if needed:***

**"Issue Date"** means [●];]

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

## SINGLE UNDERLYING LINKED BEST CHANCE CERTIFICATES

"**Issuer**" means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

"**Maximum Amount**" means [●][[●] per cent of the Initial Reference Level];

*[Where automatic exercise does not apply insert if needed:]*

["**Maximum Exercise Amount**" means [● Securities];]

*[Where automatic exercise does not apply insert if needed:]*

["**Minimum Exercise Amount**" means [● Securities];]

"**Primary Market End Date**" means [●] or, if such day is not a Business Day, the first succeeding Business Day;

*[If the Settlement Currency is not the same as the Reference Currency insert:]*

"**Reference Currency**" means [●];]

*[If the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security insert:]*

"**Reference Level**" means, in respect of any day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>1</sup> equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>2</sup> on such day [●], as determined by the Calculation Agent;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:]*

"**Reference Level**" means, in respect of any day, subject to Product Condition 4, an amount, as determined by the Calculation Agent, equal to the quotient of

- 1) the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>3</sup> [●] on such day (as numerator); and
- 2) the Exchange Rate on such day (as denominator);]

"**Reference Source**" means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

"**Securities**" means [up to] [●] best chance certificates relating to the Underlying 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 [●];

<sup>1</sup> Insert if the Security is a quanto security.

<sup>2</sup> Insert mode for determination of the Reference Level.

<sup>3</sup> Insert mode for determination of the Reference Level.

## SINGLE UNDERLYING LINKED BEST CHANCE CERTIFICATES

"**Settlement Date**" means the fifth Business Day following the last occurring 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 for each Reference Source, provided that trading day shall mean

**[If any Reference Source is an exchange or trading system insert 1:]**

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

**[If any Reference Source is not an exchange or trading system insert 2:]**

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

"**Underlying**" means the following [index] [share] [other security] [fund share] [commodity] [currency amount]:

| Type of Underlying | Name of Underlying                        | Sponsor or Issuer of Underlying | Reference Source  |
|--------------------|---|---------------------------------|---|
| [Index]            | [EuroLeader]                              | [Deutsche Bank AG]              | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |
| [Index]            | [DAX]                                     | [Deutsche Börse AG]             | [Frankfurt Stock Exchange]  |
| [Share]            | [Ordinary Share/common stock & ISIN etc.] |                                 |   |
| [Other Security]   |   |                                 |   |
| [Fund Share]       |   |                                 |   |

<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.

SINGLE UNDERLYING LINKED BEST CHANCE CERTIFICATES

|                   |                     |                  |                         |
|-------------------|---------------------|------------------|-------------------------|
| [Commodity]       | [Fine Troy of Gold] | [Non applicable] | [London Metal Exchange] |
| [Currency Amount] |                     |                  |                         |

***[If the Final Reference Level is determined on one single day insert:]***

**"Valuation Date"** means [the [●] Trading Day following the Exercise Date] [the Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

***[If the Final Reference Level is determined on several consecutive days insert:]***

**"Valuation Date"** means [each of the first [●]] [Trading Days] [calendar days] following the Exercise Date unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

***[If the Final Reference Level is determined on several consecutive days insert:]***

**"Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters 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

*Insert Product Condition 3 template for warrants and certificates cash settlement only*

## 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

## 5. Governing Law

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

SINGLE UNDERLYING LINKED BEST CHANCE CERTIFICATES

**INFORMATION RELATING TO THE UNDERLYING**



**SINGLE UNDERLYING LINKED PARACHUTE CERTIFICATES**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**14.**

**SINGLE UNDERLYING LINKED PARACHUTE CERTIFICATES**





## SINGLE UNDERLYING LINKED PARACHUTE CERTIFICATES

*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [*If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [*If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" 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], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;

"**Calculation Agent**" means the Issuer, subject to the provisions of General Condition 5;

*[If the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security insert:*

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows:

- 1) If the Final Reference Level is greater than the Initial Reference Level, the amount shall be determined according to the following formula:

$$[\text{Initial Reference Level} + (\text{Final Reference Level} - \text{Initial Reference Level}) \times \text{Participation Factor}] \times \text{Multiplier}$$

- 2) If the Final Reference Level is equal to or less than the Initial Reference Level and is at the same time equal to or greater than the Parachute Threshold, the amount shall be determined according to the following formula:

$$\text{Initial Reference Level} \times \text{Multiplier}$$

- 3) If the Final Reference Level is less than the Parachute Threshold, the amount shall be determined according to the following formula:

## SINGLE UNDERLYING LINKED PARACHUTE CERTIFICATES

$$\text{Final Reference Level} \times \text{Parachute Factor} \times \text{Multiplier}$$

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;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:]*

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows:

- 1) If the Final Reference Level is greater than the Initial Reference Level, the amount shall be determined according to the following formula:

$$[\text{Initial Reference Level} + (\text{Final Reference Level} - \text{Initial Reference Level}) \times \text{Participation Factor}] \times \text{Multiplier}$$

- 2) If the Final Reference Level is equal to or less than the Initial Reference Level and is at the same time equal to or greater than the Loss Threshold, the amount shall be determined according to the following formula:

$$\text{Initial Reference Level} \times \text{Multiplier}$$

- 3) If the Final Reference Level is less than the Loss Threshold, the amount shall be determined according to the following formula:

$$\text{Final Reference Level} \times \text{Parachute Factor} \times \text{Multiplier}$$

converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day].

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 [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depository holding the Global Security on behalf of the Clearing Agent.);

*[If the Issuer has the right to redeem the securities early insert:]*

"**Early Cash Settlement Amount**" means, in respect of the first Early Valuation Date [●], in respect of the second Early Valuation Date [●], [●]<sup>1</sup>;

*[If the Issuer has the right to redeem the securities early insert:]*

"**Early Redemption Date**" means, subject to the provisions of Product Condition 3, the fifth Business Day following the Early Valuation Date;]

*[If the Issuer has the right to redeem the securities early insert:]*

"**Early Redemption Notice**" means the notice described as such in Product Condition 3;]

---

<sup>1</sup> Insert all Early Redemption Valuation Dates & Cash Amounts needed.

## SINGLE UNDERLYING LINKED PARACHUTE CERTIFICATES

*[If the Issuer has the right to redeem the securities early insert:]*

"**Early Valuation Date**" means either [●]<sup>1</sup>, as specified by the Issuer in the Redemption Notice, provided that if any such date is not a Business Day, then such Early Valuation Date will be the immediately succeeding Business Day;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:]*

"**Exchange Rate**" means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means [●] or, if such day is not a Business Day, the first succeeding Business Day;

"**Exercise Notice**" means the notice described in Product Condition 3;

*[If the Final Reference Level is determined on one single day insert:]*

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Final Reference Level is determined on several days insert:]*

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is weekly, monthly, quarterly or annual insert:]*

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates [as determined by the Calculation Agent and without regard to any subsequently published correction]<sup>2</sup> [(having regard to any correction thereto published before the last occurring Valuation Date but without regard to any correction published on or after the last occurring Valuation Date), all as determined by the Calculation Agent]<sup>3</sup>;

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

*[If the Initial Reference Level is known before issuance insert:]*

"**Initial Reference Level**" means [●], subject to Product Condition 4, [●];]

*[If the Initial Reference Level is determined on one single day insert:]*

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<sup>1</sup> Specify all Early Redemption Dates.

<sup>2</sup> Insert if subsequent corrections of the Reference Levels are not to be taken into account.

<sup>3</sup> Insert if subsequent corrections of the Reference Levels are to be taken into account.

## SINGLE UNDERLYING LINKED PARACHUTE CERTIFICATES

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several days insert:*

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on one single day insert:*

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Valuation Date"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth<sup>1</sup> Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each as-

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

## SINGLE UNDERLYING LINKED PARACHUTE CERTIFICATES

set included in the Underlying and such other factors as the Calculation Agent considers relevant;]

**[If the Initial Reference Level is determined on several consecutive days insert:**

**"Initial Reference Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

**[Insert if needed:**

**"Issue Date"** means [●];]

**"Issuer"** means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

**"Multiplier"** means [●] [[●] divided by the Initial Reference Level], subject to adjustment in accordance with Product Condition 4;

**"Parachute Factor"** means [●] [1 divided by [●] per cent]<sup>1</sup>, subject to adjustment in accordance with Product Condition 4;

**"Parachute Threshold"** means [●] [[●] per cent]<sup>2</sup> of the Initial Reference Level], subject to adjustment in accordance with Product Condition 4;

**"Participation Factor"** means [●], subject to adjustment in accordance with Product Condition 4;

**[If the Initial Reference Level is determined after issuance insert:**

**"Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

**[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert**

**"Reference Currency"** means [●];]

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount (which shall be deemed to be a monetary value in the [Settlement]<sup>3</sup> [Reference]<sup>4</sup> Currency) equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>5</sup> on such day [●], as determined by the Calculation Agent;

**"Reference Source"** means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

**"Securities"** means [up to] [●] certificates relating to the Underlying represented by the Global Security and each a **"Security"**;

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1 This is the same percentage as used in the Parachute Threshold definition

2 This is the same percentage as used in the Parachute Factor definition

3 Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

4 If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert.

5 Insert mode for determination of the Reference Level.

## SINGLE UNDERLYING LINKED PARACHUTE CERTIFICATES

**"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 in respect of a Security and its Exercise Date, the fifth Business Day following the relevant Valuation Date or, if there is more than one Valuation Date, the last occurring relevant 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 for each Reference Source, provided that trading day shall mean

**[If any Reference Source is an exchange or trading system insert 1:]**

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

**[If any Reference Source is not an exchange or trading system insert 2:]**

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

**"Underlying"** means the following [index] [share] [other security] [fund share] [commodity] [currency amount]:

| Type of Underlying | Name of Underlying                        | Sponsor or Issuer of Underlying | Reference Source  |
|--------------------|---|---------------------------------|---|
| [Index]            | [EuroLeader]                              | [Deutsche Bank AG]              | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |
| [Index]            | [DAX]                                     | [Deutsche Börse AG]             | [Frankfurt Stock Exchange]  |
| [Share]            | [Ordinary Share/common stock & ISIN etc.] |                                 |   |

<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.



SINGLE UNDERLYING LINKED PARACHUTE CERTIFICATES

|                   |                     |                  |                         |
|-------------------|---------------------|------------------|-------------------------|
| [Other Security]  |                     |                  |                         |
| [Fund Share]      |                     |                  |                         |
| [Commodity]       | [Fine Troy of Gold] | [Non applicable] | [London Metal Exchange] |
| [Currency Amount] |                     |                  |                         |

*[If the Securities are European and the Final Reference Level is determined on one single day insert:*

**"Valuation Date"** means [the [●] Trading Day following the Exercise Date] [the Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level is determined on several consecutive days insert:*

**"Valuation Date"** means [each of the first [●]] [●] Trading Days following the Exercise Date unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is weekly insert:*

## SINGLE UNDERLYING LINKED PARACHUTE CERTIFICATES

**"Valuation Date"** means the [●] [Trading Day] [calendar day] of each week from and including [●] up to and including [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the sixth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that sixth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that sixth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is monthly/quarterly/annually insert:*

**"Valuation Date"** means the [●] Trading Day of each [month/quarter/year] from and including [●] up to and including [●] [[●] or, if any such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If such day has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level is determined on several (1) consecutive days or (2) non-consecutive days and the frequency of which is weekly insert:*

**"Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters 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

## SINGLE UNDERLYING LINKED PARACHUTE CERTIFICATES

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

*Insert Product Condition 3 template for cash Warrants & Certificates or template for cash Warrants & Certificates at the option of the Issuer*

### 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

### 5. Governing Law

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

SINGLE UNDERLYING LINKED PARACHUTE CERTIFICATES

**INFORMATION RELATING TO THE UNDERLYING**

**BASKET LINKED WINNER CERTIFICATES**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**15.**

**BASKET LINKED WINNER CERTIFICATES**





## BASKET LINKED WINNER CERTIFICATES

*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [*If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [*If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

"**Basket**" means a basket of assets comprised as follows:

| Type of Basket Constituent | Name of Basket Constituent                | Sponsor or Issuer of Basket Constituent | Reference Source  | Security Code / ISIN of Basket Constituent |
|----------------------------|---|---|---|--|
| [Index]                    | [EuroLeader]                              | [Deutsche Bank AG]                      | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] | [Non applicable]                           |
| [Index]                    | [DAX]                                     | [Deutsche Boerse AG]                    | [Frankfurt Stock Exchange]  | [Non applicable]                           |
| [Share]                    | [Ordinary Share/common stock & ISIN etc.] |   |   |  |
| [Fund Share]               |   |   |   |  |
| [Other Security]           |   |   |   |  |
| [Commodity]                | [Fine Troy of Gold]                       | [Non applicable]                        | [London Metal Exchange]   | [Non applicable]                           |
| [Currency Amount]          |   |   |   |  |

## BASKET LINKED WINNER CERTIFICATES

| Name of Basket Constituent | [Reference Currency] | [Time of Exchange Rate determination] | Reference Level determination                             |
|----------------------------|----------------------|---------------------------------------|---|
| [●]                        | [●]                  | [●]                                   | [Auction, Closing, Open price, traded price] <sup>1</sup> |
| [●]                        | [●]                  | [●]                                   | [●]   |

"**Basket Constituent**" means each of the assets as defined in "Basket" above, subject to adjustment in accordance with Product Conditions 4;

*[If not all Reference Currencies are the same as the Settlement Currency and the Security is not a quanto security insert:]*

"**Basket Constituent Level**" means in respect of any day, subject to Product Condition 4, an amount equal to the level of the Basket Constituent determined in the manner as defined in the column "Reference Level determination" in "Basket" above, converted into the Reference Currency at the Exchange Rate on such day, all as determined by the Calculation Agent;]

*[If the Settlement Currency is the same as all Reference Currencies and/or if the Security is a quanto security insert:]*

"**Basket Constituent Level**" means in respect of any day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>2</sup> equal to the level of the Basket Constituent determined in the manner as defined in the column "Reference Level determination" in "Basket" above, all as determined by the Calculation Agent;]

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business [and for the purpose of making payments in euro, and if applicable, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open] [●];

"**Calculation Agent**" means the Issuer, subject to the provisions of General Condition 5;

"**Cash Settlement Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows: *Update formula as applicable*

$$[\text{amount}] \times \text{Final Basket Level}$$

[subject to a maximum of [●]]. The Cash Settlement Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

<sup>1</sup> Insert mode for determination of the Reference Level.

<sup>2</sup> Insert if security is a quanto security.



## BASKET LINKED WINNER CERTIFICATES

"**Clearing Agent**" means [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 Security-holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**", which term will include any depositary holding the Global Security on behalf of the Clearing Agent);

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

"**Exchange Rate**" means in relation to each Basket Constituent and in respect of any day, the rate of exchange prevailing at the time as defined in the column "Time of Exchange Rate determination" in "Basket" above (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means [●] or, if such day is not a Business Day, the first succeeding Business Day;

"**Exercise Notice**" means the notice described in Product Condition 3;

"**Final Basket Level**" means, subject to any adjustment pursuant to Product Condition 4, an amount calculated by or on behalf of the Calculation Agent equal to the sum of the Performance Factors for all Relevant Basket Constituents, divided by [●].

As a formula:

$$\frac{1}{[\bullet]} \times \sum_{i=1}^{[\bullet]} \text{Performance Factor}_i \text{ for each Relevant Basket Constituent}$$

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", and in relation to each Basket Constituent, an amount equal to the Basket Constituent Level of each Basket Constituent on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;

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

"**Initial Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", in relation to each Basket Constituent, an amount equal to the Basket Constituent Level of each Basket Constituent on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;

"**Initial Reference Valuation Date**" means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which,

## BASKET LINKED WINNER CERTIFICATES

but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;

*[Insert if needed:]*

"**Issue Date**" means [●];]

"**Issuer**" means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

*[Where automatic exercise does not apply insert if needed:]*

"**Maximum Exercise Amount**" means [● Securities];]

*[Where automatic exercise does not apply insert if needed:]*

"**Minimum Exercise Amount**" means [● Securities];]

"**Performance Factor<sub>i</sub>**" means in relation to Basket Constituent "i" and as calculated by the Calculation Agent, the quotient of:

- 1) the Final Reference Level, as a numerator, and
- 2) the Initial Reference Level, as a denominator;

"**Primary Market End Date**" means [●] or, if such day is not a Business Day, the first succeeding Business Day;

*[If the Settlement Currency is not the same as the Reference Currency insert:]*

"**Reference Currency**" means [●] [, in relation to each Basket Constituent, the currency specified under "Basket" above];]

"**Reference Source**" means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

"**Relevant Basket Constituent**" means each of the [●] Basket Constituents that have the highest Performance Factors. If two or more Basket Constituents have identical Performance Factors and this prevents the Calculation Agent from selecting precisely [●] Basket Constituents with the highest Performance Factors, the Calculation Agent shall select the appropriate number of Basket Constituents that have identical Performance Factors so that there are no more than [●] Relevant Basket Constituents. If, on the Final Valuation Date, for any reason, fewer than [●] Basket Constituents comprise the Basket Constituents Basket, the Calculation Agent may make such modifications to the provisions hereof as it, in its reasonable discretion, considers appropriate to take account thereof;

"**Securities**" means up to [●] winner certificates relating to the Underlying 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 ex-

## BASKET LINKED WINNER CERTIFICATES

ercise 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 [●];

"**Settlement Date**" means the fifth Business Day following the last occurring 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 for each Reference Source, provided that trading day shall mean

*[If any Reference Source is an exchange or trading system insert 1:]*

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

*[If any Reference Source is not an exchange or trading system insert 2:]*

- - for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

"**Underlying**" means the [●] basket as defined in "Basket" above.

"**Valuation Date**" means [the [●] Trading Day following the Exercise Date] [the Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.

Terms with initial capital letters 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 pur-

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<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.

## BASKET LINKED WINNER CERTIFICATES

poses 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

*Insert Product Condition 3 template warrants and certificates cash settlement only*

### 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

### 5. Governing Law

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

BASKET LINKED WINNER CERTIFICATES

**INFORMATION RELATING TO THE UNDERLYING**



**SINGLE UNDERLYING LINKED X-PERTS**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**16.**

**SINGLE UNDERLYING LINKED X-PERTS**





## SINGLE UNDERLYING LINKED X-PERTS

*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 to the provisions of General Condition 5, Deutsche Bank AG, acting through [*If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [*If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

"**Applicable Exercise Date**" means the Exercise Date specified in the Exercise Notice;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open

*If the Settlement Currency is the same as the Reference Currency insert:*

"**Cash Settlement Amount**" means, with respect to each Security, an amount in Settlement Currency determined by the Calculation Agent as follows:

$$\text{Cash Settlement Amount} = \text{Exercise Reference Price} \times \text{Multiplier} \times (100\% - \text{Exercise Fee})$$

Provided that the Cash Settlement Amount shall not be less than zero. 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;

*If the Settlement Currency is not the same as the Reference Currency insert:*

"**Cash Settlement Amount**" means, with respect to each Security, an amount in Settlement Currency determined by the Calculation Agent as follows:

$$\text{Cash Settlement Amount} = \text{Exercise Reference Price} \times \frac{\text{Multiplier}}{\text{Exchange Rate}} \times (100\% - \text{Exercise Fee})$$

Provided that the Cash Settlement Amount shall not be less than zero. 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 [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 Security-holders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**", which term will include any depositary holding the Global Security on behalf of the Clearing Agent.);

## SINGLE UNDERLYING LINKED X-PERTS

"**Exchange**" means, in relation to each security included in the Index at any relevant time, the primary exchange on which such security is listed or traded or any successor to such exchange, all as determined by the Calculation Agent (together, the "**Exchanges**");

*If the Settlement Currency is not the same as the Reference Currency insert:*

"**Exchange Rate**" means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;

"**Exercise Date**" means, subject to the provisions of Product Condition 3, the last Business Day of each [January, April, July and October] [●] during the Exercise Period;

"**Exercise Fee**" means [●];

"**Exercise Notice**" means the notice described as such in Product Condition 3.4;

"**Exercise Period**" means the period commencing on and including [●];

"**Exercise Reference Price**" means, subject to any adjustment pursuant to Product Condition 4, an amount equal to the official closing level of the Index on the relevant Valuation Date as determined by the Calculation Agent without regard to any subsequently published correction;

"**Final Exercise Date**" means, where the Issuer exercises the Redemption Right (as defined in Product Condition 3.1), the Exercise Date immediately preceding the month in which the Redemption Date falls;

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

"**Index**" means the [●], subject to Product Condition 4;

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

*Insert if needed*

"**Issue Date**" means [●];

"**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 [●], (i) [●] on the Primary Market End Date, (ii) in relation to the first Exercise Date, the product of (a) the Multiplier on the Primary Market End Date and (b) 100% minus the Quarterly Management Fee, (iii) in relation to any subsequent Exercise Date, the product of (a) the Multiplier on the immediately preceding Exercise Date and (b) 100% minus the Quarterly Management Fee and (iv) in relation to Redemption Date, the Multiplier on the immediately preceding Exercise Dates subject to adjustment in accordance with Product Condition 4.3;

"**Primary Market End Date**" means [●];

## SINGLE UNDERLYING LINKED X-PERTS

**"Quarterly Management Fee"** means [●];

***If the Settlement Currency is the same as the Reference Currency insert:***

**"Redemption Cash Settlement Amount"** means an amount in Settlement Currency determined by the Calculation Agent as follows:

$$\text{Redemption Cash Settlement Amount} = \text{Redemption Reference Price} \times \text{Multiplier} \times (100\% - \text{Exercise Fee})$$

Provided that the Cash Settlement Amount shall not be less than zero. 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;

***If the Settlement Currency is not the same as the Reference Currency insert:***

**"Redemption Cash Settlement Amount"** means an amount in Settlement Currency determined by the Calculation Agent as follows:

$$\text{Redemption Cash Settlement Amount} = \text{Redemption Reference Price} \times \frac{\text{Multiplier}}{\text{Exchange Rate}} \times (100\% - \text{Exercise Fee})$$

Provided that the Cash Settlement Amount shall not be less than zero. 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;

**"Redemption Date"** means the date during the Redemption Period specified by the Issuer in the Redemption Notice provided that such date shall not be earlier than twelve (12) months following and excluding the date that the Redemption Notice is deemed given in accordance with General Condition 4.2 and provided further that if such date is not a Business Day, then the Redemption Date will be the immediately succeeding Business Day;

**"Redemption Notice"** means the notice described as such in Product Condition 3.1;

**"Redemption Period"** means the period commencing on and including [●];

**"Redemption 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 Redemption Valuation Date as determined by the Calculation Agent without regard to any subsequently published correction;

**"Redemption Settlement Date"** means, subject to the provisions of Product Condition 3.2, the fifth Business Day following the Redemption Valuation Date;

**"Redemption Valuation Date"** means the Redemption Date or, if such date 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 Redemption 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 Redemption Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Redemption Valuation Date (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent, act-

## SINGLE UNDERLYING LINKED X-PERTS

ing in good faith, shall determine the Redemption 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;

*If the Settlement Currency is not the same as the Reference Currency insert:*

**"Reference Currency"** means [●];

**"Securities"** means up to 10,000,000 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 or redemption of such Security and/or (ii) any payment due following exercise or redemption or otherwise in respect of such Security;

**"Settlement Currency"** means [●];

**"Settlement Date"** means the fifth Business Day following the relevant Valuation Date;

**"Settlement Notice"** means the notice described as such in Product Condition 3.4;

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

**"Valuation Date"** means the relevant Exercise Date or, if such date 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 (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 Exercise 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 with initial capital letters 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.

## SINGLE UNDERLYING LINKED X-PERTS

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 Right and Redemption Right

The Securities are exercisable only on any Exercise Date subject to the Redemption Right and in the manner set out in Product Condition 3.4.

The Issuer has the unconditional and irrevocable right (the "**Redemption Right**"), upon delivery of the Redemption Notice (as defined below) by the Issuer, to redeem the Securities in whole, but not in part, on the Redemption Settlement Date against payment of the Redemption Cash Settlement Amount less any Securityholder Expenses, subject to delivery by each Securityholder of a duly completed Settlement Notice (which notice shall include certification as to non-U.S. beneficial ownership by such holder) in the manner set out in Product Condition 3.4.

"**Redemption Notice**" means the irrevocable notice given by the Issuer to the Securityholders in accordance with General Condition 4.1 that the Issuer will exercise its Redemption Right, which notice shall specify the Redemption Date.

Subject to Product Condition 3.8, the exercise by the Issuer of the Redemption Right shall not preclude Securityholders from exercising Securities on any Exercise Date up to and including the Final Exercise Date or from selling or transferring Securities which sale or transfer, as the case may be, is effective on any day up to but excluding the Redemption Date.

Where the Issuer has exercised the Redemption Right, it shall give notice to the Securityholders not more than 60 days and not less than 30 days before the Redemption Date reminding Securityholders of such exercise of the Redemption Right and the requirement to deliver a Settlement Notice as provided herein.

#### 3.2. Cash Settlement

Each Security upon due exercise by the Securityholder 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.

## SINGLE UNDERLYING LINKED X-PERTS

If the Issuer exercises its Redemption Right, each Security, upon due delivery of a duly completed Settlement Notice by the Securityholder (which notice shall include certification as to non-U.S. beneficial ownership) to the Principal Agent with a copy to the Clearing Agent in the manner set out in Product Condition 3.4 at or prior to 10.00 a.m. Central European Time on the Redemption Date, entitles its holder to receive from the Issuer on the Redemption Settlement Date the Redemption Cash Settlement Amount less any Securityholder Expenses.

If a duly completed Settlement Notice is not delivered and copied in accordance with Product Condition 3.4 by 10.00 a.m. Central European Time on the Redemption Date, then the Redemption Cash Settlement Amount less any Securityholder Expenses will, subject as provided below, be paid as soon as practicable after the original Redemption Settlement Date (and such date of payment shall be deemed to be, for such Securities, the Redemption Settlement Date). **If a Settlement Notice has not been delivered and copied with respect to a Security in the manner set out in Product Condition 3.4 at or prior to 10.00 a.m. (Central European Time) on the thirtieth calendar day after the Redemption Date, then the holder of such Security shall have no right to receive the Redemption Cash Settlement Amount in respect of such Security and the Issuer's obligations in respect of such Security shall be cancelled.**

For the avoidance of doubt, in circumstances where either (i) payment of the Redemption Cash Settlement Amount as provided above is made after the original Redemption Settlement Date due to the delivery and/or copying of a Settlement Notice after 10.00 a.m. Central European Time on the Redemption Date as provided above or (ii) the Issuer's obligations are cancelled as provided above, the relevant Securityholder(s) shall not be entitled to any payment, whether interest or otherwise, as a result thereof.

### 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 or any Redemption Cash Settlement Amount, as the case may be.

### 3.4. *Exercise Notice and Settlement Notice*

Securities may only be exercised by the delivery of a duly completed Exercise Notice to the Principal Agent with a copy to a Clearing Agent at or prior to 10.00 a.m. Central European Time on the Applicable Exercise Date. In the event that an Exercise Notice is delivered to the Principal Agent, or the copy is delivered to the Clearing Agent, after such time, it shall be deemed to have been delivered on the next following Exercise Date and such Exercise Date shall be deemed to be the Applicable Exercise Date provided that no Exercise Date may fall after the Final Exercise Date.

If the Issuer exercises its Redemption Right, for each Security in respect of which a duly completed Exercise Notice has been delivered and such Exercise Notice specifies an Applicable Exercise Date falling after the Final Exercise Date, such Final Exercise Date shall be deemed to be the Applicable Exercise Date. Any Exercise Notice delivered to the Principal Agent, or copied to the Clearing Agent, in each case after 10.00 a.m. Central European Time on the Final Exercise Date shall be void.

## SINGLE UNDERLYING LINKED X-PERTS

If the Issuer exercises its Redemption Right, the Securityholder must deliver a duly completed Settlement Notice to the Principal Agent with a copy to a Clearing Agent as provided in Product Condition 3.2.

The form of the Exercise Notice or Settlement Notice, as the case may be, may be obtained during normal business hours from the specified office of each Agent.

Such Exercise Notice or Settlement Notice shall:

- 3.4.1. in the case of an Exercise Notice, specify the number of Securities being exercised and, in the case of a Settlement Notice, specify the number of Securities being redeemed;
- 3.4.2 in the case of an Exercise Notice, specify the Applicable Exercise Date;
- 3.4.3 specify the number of the account with the Clearing Agent to be debited with the Securities being exercised or, in the case of the exercise by the Issuer of its Redemption Right, the Securities being redeemed;
- 3.4.4 irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date or the Redemption Settlement Date, as the case may be, such account with such Securities;
- 3.4.5. specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount (if any) or the Redemption Cash Settlement Amount (if any), as the case may be, for such Securities;
- 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 or the Redemption Cash Settlement Amount, as the case may be, due to such Securityholder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
- 3.4.7. certify that neither the Securityholder nor any person on whose behalf the Security is held 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

## SINGLE UNDERLYING LINKED X-PERTS

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;

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

### 3.5. *Verification*

In respect of each Exercise Notice or Settlement Notice, as the case may be, 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:

- 3.6.1. the Cash Settlement Amount (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice for value on the relevant Settlement Date less any Securityholder Expenses; or
- 3.6.2. the Redemption Cash Settlement Amount (if any) for each Security upon due delivery of a duly completed Settlement Notice to the account specified in the relevant Settlement Notice for value on the Redemption Settlement Date less any Securityholder Expenses but subject to the provisions of Product Condition 3.2.

### 3.7. *Determinations*

Failure properly to complete and deliver an Exercise Notice or Settlement Notice, as the case may be, may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice or Settlement Notice, as the case may be, 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 or Settlement Notice, as the case may be, so determined to be incomplete or not in proper form, or which is not copied to the Clearing Agent immediately after being delivered to a Principal Agent as provided in the Conditions shall be void.

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

The Principal Agent shall use all reasonable endeavours promptly to notify the relevant Securityholder if it has determined that an Exercise Notice or Settlement Notice, as the case may be, 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 or Settlement Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Securityholder to exercise the Securities specified. Delivery of a Settlement



## SINGLE UNDERLYING LINKED X-PERTS

Notice shall constitute an irrevocable election by the relevant Securityholder to receive the Redemption Cash Settlement Amount. No Exercise Notice or Settlement Notice may be withdrawn after receipt by a Principal Agent as provided above. After the delivery of an Exercise Notice, the Securities that are the subject of such notice may not be transferred. After the delivery of a Settlement Notice, the Securities that are the subject of such notice may not be transferred or exercised.

### 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 or the Redemption Cash Settlement Amount, as the case may be, 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, Settlement Date, Redemption Date or Redemption 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 any Exchange of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by such Exchange or otherwise):
  - 4.1.1.1. on such 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 any 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 move-

## SINGLE UNDERLYING LINKED X-PERTS

ments 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.

In addition, 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.

#### 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 a Valuation Date or the Redemption Valuation Date, as the case may be, 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 a Valuation Date or the Redemption Valuation Date, as the case may be, the Index Sponsor or, if applicable, the Successor Sponsor, fails to calculate and publish the Index,

then the Calculation Agent shall determine the Exercise Reference Price for that Valuation Date or the Redemption Reference Price, as the case may be, using, in lieu of a published level for the Index on that Valuation Date or the Redemption Valuation Date, as the case may be, 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 relevant Exchange).

### 4.3 *Splitting*

The Issuer shall have the right, exercisable in its sole discretion from time to time, to split the Securities so that each Securityholder holding one Security at the time of such split will thereafter hold a number of Securities as determined by the Issuer. Upon each split as aforesaid from time to time, the Issuer, shall give notice to the Securityholders in accordance with General Condition 4. Such notice shall be given at least 10 Business Days before any split is to be effected and give the date of such split and specify the adjusted Multiplier following such split. The Is-

## SINGLE UNDERLYING LINKED X-PERTS

suer shall also give notice to the Clearing Agents requesting that following any such split they amend their records accordingly. Any adjustment to the Multiplier will only be made to preserve the economic position and rights of the Security-holders after the split as compared to prior to the split.

### **5. Governing Law**

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

*[Where the Securities are governed by English law, insert:]*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

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**17.**

**SINGLE UNDERLYING LINKED DISCOUNT CERTIFICATES**

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## SINGLE UNDERLYING LINKED DISCOUNT CERTIFICATES

*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [If Deutsche Bank AG London is Issuer insert: its branch of office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [If Deutsche Bank AG Frankfurt is Issuer insert: its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

[In case of a knock-in feature insert:

"**Barrier Determination Date**" means each Trading Day during the Barrier Determination Period;]

[In case of a knock-in feature insert:

"**Barrier Determination Amount**" means [, at any time] on any Barrier Determination Date, an amount equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> [at such time] on such day determined by the Calculation Agent, provided that if a Market Disruption Event has occurred and is prevailing at such time on such day, no Barrier Determination Amount shall be calculated for such time;]

[In case of a knock-in feature insert:

"**Barrier Determination Period**" means the period from [and including] [●] to [and including] the [●] [relevant time for the determination of the Final Reference Level on the last occurring Valuation Date, as specified in the definition of the Reference Level];]

[In case of a knock-in feature insert:

"**Barrier Level** " means [●][●] per cent of the Initial Reference Level];]

[If Settlement is cash only insert:

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, if applicable, any day

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<sup>1</sup> Insert mode for determination of the Determination Amount.

## SINGLE UNDERLYING LINKED DISCOUNT CERTIFICATES

on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;]

*[If Settlement is not cash only insert:*

**"Business Day"** means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and (ii) if applicable, in relation to delivery of the Physical Settlement Amount [a day on which the Physical Delivery Clearing System is open for business/specify relevant business day for other physical delivery method];]

**"Calculation Agent"** means the Issuer, subject to the provisions of General Condition 5;

*[If the Settlement Currency is the same as the Reference Currency and if Physical Settlement may apply to the Securities insert:*

**"Cash Settlement Amount"** means, with respect to each Security, an amount equal to the Maximum Amount.]

*[If the Settlement Currency is not the same as the Reference Currency insert and if Physical Settlement may apply to the Securities insert:*

**"Cash Settlement Amount"** means, with respect to each Security, an amount equal to the Maximum Amount, which shall be converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day]. 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;]

*[If the Settlement Currency is the same as the Reference Currency and if only Cash Settlement may apply to the Securities insert:*

**"Cash Settlement Amount"** means, with respect to each Security, an amount equal to the Final Reference Level, subject to a maximum of the Maximum Amount. 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;]

*[If the Settlement Currency is not the same as the Reference Currency and if only Cash Settlement may apply to the Securities insert:*

**"Cash Settlement Amount"** means, with respect to each Security, an amount equal to the Final Reference Level, subject to a Maximum of the Maximum Amount. The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [Business Day immediately following the] [Valuation Date] [last occurring Valuation Date] [●][or, if such day is not a Business Day, the immediately [following/preceding] day which is a Business Day]. 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;]



## SINGLE UNDERLYING LINKED DISCOUNT CERTIFICATES

"**Clearing Agent**" means [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent);

*[In case Physical Settlement may apply to the Securities insert:*

"**Delivery Details**" means [the account details of the Securityholder's securities account with [●] (the "**Physical Delivery Clearing System**") for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/specify other relevant details for physical delivery method];]

*[In case Physical Settlement may apply to the Securities insert:*

"**Determination Level**" means [●][[●] per cent of the Initial Reference Level];]

*[In case Physical Settlement may apply to the Securities insert:*

"**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 taking into account the value of any Physical Settlement Units delivered less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer acting in a reasonable manner;]

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

"**Exchange Rate**" means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

"**Exercise Date**" means [●] or, if such day is not a Business Day, the first succeeding Business Day

"**Exercise Notice**" means the notice described in Product Condition 3;

*[If the Final Reference Level is determined on one single day insert:*

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Final Reference Level is determined on several consecutive days insert:*

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

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

## SINGLE UNDERLYING LINKED DISCOUNT CERTIFICATES

*[If any amount is determined on the basis of the Initial Reference Level, insert:*

*[If the Initial Reference Level is determined on one single day insert:*

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on one single day insert:*

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Valuation Dates"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

## SINGLE UNDERLYING LINKED DISCOUNT CERTIFICATES

reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

*[Insert if needed:*

**"Issue Date"** means [●];]

**"Issuer"** means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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

*[Where automatic exercise does not apply in relation to the Securities insert if needed:*

**"Maximum Exercise Amount"** means [●];]

**"Minimum Exercise Amount"** means [●];]

**"Maximum Amount"** means [●][[●] per cent of the Initial Reference Level];

*[If the Underlying is share, other security, fund share or currency amount and if Settlement is not cash only insert:*

**"Physical Settlement Amount"** means [●] unit[s] of the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

*[If the Underlying is index or commodity and if Settlement is not cash only insert:*

**"Physical Settlement Amount"** means [●] unit[s] of [●] [certificate (s) relating to [●] the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In

## SINGLE UNDERLYING LINKED DISCOUNT CERTIFICATES

case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

*[If any amount is determined on the basis of the Initial Reference Level, insert:*

**"Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

*[If the Settlement Currency is not the same as the Reference Currency insert:*

**"Reference Currency"** means [●];]

*[If the Initial and Final Reference Level are determined in the same manner insert:*

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount (which shall be deemed to be a monetary value in the [Settlement]<sup>1</sup> [Reference]<sup>2</sup> Currency) equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>3</sup> on such day [●], as determined by the Calculation Agent;]

*[If the Initial and Final Reference Level are not determined in the same manner insert:*

**"Reference Level"** means, in respect of:

- 1) [a[n]/the] [Initial Reference] [Valuation] Date, subject to Product Condition 4, an amount (which shall be deemed to be a monetary value in the [Settlement]<sup>4</sup> [Reference]<sup>5</sup> Currency) calculated by the Calculation Agent [in the same manner as the sponsor of the Underlying, as specified in the table under "Underlying" below, would calculate the [●] [official closing] [price] [level] of the Underlying on such day, except that in making such calculation the Calculation Agent shall substitute [●] for [●]] [to be equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>6</sup> on such day, [●]]; and
- 2) any other day, subject to Product Condition 4, an amount (which shall be deemed to be a monetary value in the [Settlement]<sup>7</sup> [Reference]<sup>8</sup> Currency) equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>9</sup> on such day, as determined by the Calculation Agent;]

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1 Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

2 If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert.

3 Insert mode for determination of the Reference Level.

4 Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

5 If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert.

6 Insert mode for determination of the Reference Level.

7 Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

8 If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert.

9 Insert mode for determination of the Reference Level.

## SINGLE UNDERLYING LINKED DISCOUNT CERTIFICATES

**"Reference Source"** means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

**"Securities"** means up to [●] discount certificates relating to the Underlying 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;

*[In case only Cash Settlement may apply to the Securities insert:]*

**"Settlement"** means cash settlement (**"Cash Settlement"**);]

*[If the Securities do not provide for a knock-in feature insert:]*

**"Settlement"** means

- 1) if the Final Reference Level is less than the Determination Level, physical settlement (**"Physical Settlement"**),
- 2) otherwise, cash settlement (**"Cash Settlement"**);]

*[If the Securities do provide for a knock-in feature insert:]*

**"Settlement"** means

- 1) if, in the determination of the Calculation Agent, (A) the Final Reference Level is less than the Determination Level, and (B) [at any time] during [●] [the Determination Period] the Barrier Determination Amount has been equal to or less than the Barrier Level, physical settlement (**"Physical Settlement"**),
- 2) otherwise, cash settlement (**"Cash Settlement"**);]

**"Settlement Currency"** means [●];

**"Settlement Date"** means in respect of a Security and its Exercise Date, the fifth Business Day following the relevant Valuation Date or, if there is more than one Valuation Date, the last occurring relevant Valuation Date;

*[In case Physical Settlement may apply to the Securities insert:]*

**"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 a Physical Settlement Unit in accordance with such market method as it decides at the relevant time for delivery of the relevant Physical Settlement Unit;]

**"Trading Day"** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

*[If any Reference Source is an exchange or trading system insert <sup>1</sup>:*

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference

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<sup>1</sup> Insert both alternatives if applicable.

## SINGLE UNDERLYING LINKED DISCOUNT CERTIFICATES

Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

**[If any Reference Source is not an exchange or trading system insert <sup>1</sup>:**

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

**"Underlying"** means the following [index] [share] [other security] [fund share] [commodity] [currency amount]:

| Type of Underlying | Name of Underlying                        | Sponsor or Issuer of Underlying | Reference Source  |
|--------------------|---|---------------------------------|---|
| [Index]            | [EuroLeader]                              | [Deutsche Bank AG]              | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |
| [Index]            | [DAX]                                     | [Deutsche Börse AG]             | [Frankfurt Stock Exchange]  |
| [Share]            | [Ordinary Share/common stock & ISIN etc.] |                                 |   |
| [Other Security]   |   |                                 |   |
| [Fund Share]       |   |                                 |   |
| [Commodity]        | [Fine Troy of Gold]                       | [Non applicable]                | [London Metal Exchange]   |
| [Currency Amount]  |   |                                 |   |

**[If the Final Reference Level is determined on one single day insert:**

**"Valuation Date"** means [the [●] Trading Day following the Exercise Date] [the Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such

<sup>1</sup> Insert both alternatives if applicable.



## SINGLE UNDERLYING LINKED DISCOUNT CERTIFICATES

day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level is determined on several consecutive days insert:*

**"Valuation Date"** means [each of the first [●]] [●] [Trading Days] [calendar days] following the Exercise Date [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

*[If the Final Reference Level is determined on several consecutive days insert:*

**"Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

### 1. 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

## SINGLE UNDERLYING LINKED DISCOUNT CERTIFICATES

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.

### 2. Exercise Rights and Exercise Procedure

*Insert Product Condition 3 template for cash or physical Warrants & Certificates*

### 3. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

### 4. Governing Law

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]



SINGLE UNDERLYING LINKED DISCOUNT CERTIFICATES

**INFORMATION RELATING TO THE UNDERLYING ASSET**



**SINGLE UNDERLYING LINKED NOTES**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**18.**

**SINGLE UNDERLYING LINKED NOTES**





*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

**"Affiliate"** means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **"control"** means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and **"controlled by"** and **"controls"** shall be construed accordingly;

**"Agent"** means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [*If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the **"Principal Agent"**) and through its principal office in Frankfurt am Main] [*If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the **"Principal Agent"**) and through its branch office in London (Deutsche Bank AG London)], (each an **"Agent"** 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], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business [and for the purpose of making payments in euro any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open] [●];

**"Calculation Agent"** means the Issuer, subject to the provisions of General Condition 5;

**"Clearing Agent"** means [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent);

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

**"Exchange Rate"** means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

*[If the Final Reference Level is determined on one single day insert:*

## SINGLE UNDERLYING LINKED NOTES

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Final Reference Level is determined on several consecutive days insert:*

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is weekly, monthly, quarterly or annual insert:*

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates [as determined by the Calculation Agent and without regard to any subsequently published correction]<sup>1</sup> [(having regard to any correction thereto published before the last occurring Valuation Date but without regard to any correction published on or after the last occurring Valuation Date), all as determined by the Calculation Agent]<sup>2</sup>;]

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

*[If the Initial Reference Level is fixed before issuance insert:*

"**Initial Reference Level**" means, subject to Product Condition 4, [●];]

*[If the Initial Reference Level is determined on one single day insert:*

"**Initial Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

"**Initial Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is weekly, monthly, quarterly or annual insert:*

"**Initial Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates [as determined by the Calculation Agent and without regard to any subsequently published correction]<sup>3</sup> or [(having regard to any correction thereto published before the last occurring Initial Reference Valuation Date but without re-

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<sup>1</sup> Insert if subsequent corrections of the Reference Levels are not to be taken into account.

<sup>2</sup> Insert if subsequent corrections of the Reference Levels are to be taken into account.

<sup>3</sup> Insert if subsequent corrections of the Reference Levels are not to be taken into account.

## SINGLE UNDERLYING LINKED NOTES

gard to any correction published on or after the last occurring Initial Reference Valuation Date), all as determined by the Calculation Agent<sup>1</sup>;

*[If the Initial Reference Level is determined on one single day insert:*

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Valuation Date"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the fifth<sup>2</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth<sup>3</sup> Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is weekly insert:*

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<sup>1</sup> Insert if subsequent corrections of the Reference Levels are to be taken into account.

<sup>2</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>3</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

## SINGLE UNDERLYING LINKED NOTES

**"Initial Reference Valuation Date"** means the [●] Trading Day of each week from and including [●] up to and including [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the sixth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that sixth<sup>2</sup> Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that sixth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is monthly/quarterly/annually insert:*

**"Initial Reference Valuation Date"** means the [[●] [Trading Day] [calendar day] of each [month/quarter/year] from and including [●] up to and including [●]] [[●] or, if any such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If such day has not occurred by the fifth<sup>3</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth<sup>4</sup> Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several (1) consecutive days or (2) non-consecutive days and the frequency of which is weekly insert:*

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>2</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>3</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>4</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.



## SINGLE UNDERLYING LINKED NOTES

"**Initial Reference Valid Date**" means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

*[Insert if needed:*

"**Issue Date**" means [●];]

"**Issuer**" means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

*[If the Security bears interest, insert*

*[If the Interest Amount is to be determined on the basis of Interest Periods insert:*

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

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;]

*[If the Interest Amount is to be determined without reference to Interest Periods insert:*

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

Nominal Amount x Interest Rate,

being [Currency] [Amount];]

"**Interest Cessation Date**" means [the last] [●] day[s] before [the Maturity Date] [the Interest Payment Date];

"**Interest Payment Date**" means [●] [or, if such day is not a Payment Day, the next following Payment Day] [and the Maturity Date];

*[If the Interest Amount is to be determined on the basis of Interest Periods insert:*

"**Interest Period**" means the period commencing on (and including) the Primary Market End 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 and, if interest is required to be calculated for a period ending other than on (but excluding) the relevant Interest Payment Date, the period commencing on (and including) the most recent Interest Payment Date (or if none the Primary Market End Date) to (but excluding) the relevant payment date;]

*[If the Interest Amount is to be determined without reference to Interest Periods insert:*

"**Interest Period**" means the period commencing on (and including) the date on which payment of any Redemption Cash Amount in respect of the Securities is due, to (but excluding) the date on which such Redemption Cash Amount is paid;]

"**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

## SINGLE UNDERLYING LINKED NOTES

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 31<sup>st</sup> 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);]

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

**"Maturity Date"** means the fifth Payment Day following the [Valuation Date] [last occurring Valuation Date] [●]<sup>1</sup> [or, if such day is not a Payment Day, the next following Payment Day];

**"Nominal Amount"** means [●];

**"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] [Frankfurt]; 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;

**"Participation Factor"** means [●], subject to adjustment in accordance with Product Condition 4;

**"Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;

**"Redemption Cash Amount"** means, with respect to each Security, an amount determined by the Calculation Agent as follows:

$$\text{Nominal Amount} + \text{Nominal Amount} \times \text{Participation Factor} \times \frac{\text{Final Reference Level} - \text{Initial Reference Level}}{\text{Initial Reference Level}}$$

subject to a minimum of [●]<sup>2</sup> [●] [and a maximum of [●]<sup>3</sup> [●]]. 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;

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<sup>1</sup> Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

<sup>2</sup> Define currency.

<sup>3</sup> Define currency.

## SINGLE UNDERLYING LINKED NOTES

*[If the Settlement Currency is not the same as the Reference Currency insert:]*

**"Reference Currency"** means [●];]

*[If all Reference Levels are determined in the same manner and the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security insert:]*

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>1</sup> equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>2</sup> on such day [●], as determined by the Calculation Agent;]

*[If the Initial and Final Reference Level are not determined in the same manner and the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security insert:]*

**"Reference Level"** means, in respect of:

- 1) [a[n]/the] [Initial Reference] [Valuation] Date, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>3</sup> calculated by the Calculation Agent [in the same manner as the sponsor of the Underlying, as specified under "Underlying" below, would calculate the [●] [official closing] [price] [level] of the Underlying on such day, except that in making such calculation the Calculation Agent shall substitute [●] for [●]] [to be equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>4</sup> on such day, [●]]; and
- 2) any other day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>5</sup> equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>6</sup> on such day, as determined by the Calculation Agent;]

*[If all Reference Levels are determined in the same manner and the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:]*

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount, as determined by the Calculation Agent, equal to the quotient of

- 1) the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>7</sup> [●] on such day (as numerator); and
- 2) the Exchange Rate on such day (as denominator);]

*[If the Initial and Final Reference Level are not determined in the same manner and the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:]*

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<sup>1</sup> Insert if the Security is a quanto security.

<sup>2</sup> Insert mode for determination of the Reference Level.

<sup>3</sup> Insert if the Security is a quanto security.

<sup>4</sup> Insert mode for determination of the Reference Level.

<sup>5</sup> Insert if the Security is a quanto security.

<sup>6</sup> Insert mode for determination of the Reference Level.

<sup>7</sup> Insert mode for determination of the Reference Level.

## SINGLE UNDERLYING LINKED NOTES

"**Reference Level**" means, in respect of:

- 1) [a[n]/the] [Initial Reference] [Valuation] [Maturity] Date, subject to Product Condition 4, an amount as determined by the Calculation Agent, equal to the quotient of
  - a) the official Reference Level for such [Initial Reference] Valuation Date calculated by the Calculation Agent [in the same manner as the sponsor of the Underlying, as specified in the table under "Underlying" below, would calculate the [●] [official closing] [price] [level] of the Underlying on such day, except that in making such calculation the Calculation Agent shall substitute [●] for [●]] [to be equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> on such day, [●]] (as numerator); and
  - b) the Exchange Rate on such day (as denominator);
- 2) any other day, subject to Product Condition 4, an amount as determined by the Calculation Agent, equal to the quotient of
  - a) the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> on such day (as numerator); and
  - b) the Exchange Rate on such day (as denominator);

"**Reference Source**" means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, all as determined by the Calculation Agent;

"**Securities**" means [up to] [●] notes relating to the Underlying 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 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**" means cash settlement ("**Cash Settlement**")

"**Settlement Currency**" means [●];

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

*[If any Reference Source is an exchange or trading system insert 2:]*

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

*[If any Reference Source is not an exchange or trading system insert 3:]*

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<sup>1</sup> Insert mode for determination of the Reference Level.

<sup>2</sup> Insert both alternatives if applicable.

<sup>3</sup> Insert both alternatives if applicable.

SINGLE UNDERLYING LINKED NOTES

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

"Underlying" means the following [index] [share] [other security] [fund share] [commodity] [currency amount]:

| Type of Underlying | Name of Underlying                        | Sponsor or Issuer of Underlying | Reference Source  |
|--------------------|---|---------------------------------|---|
| [Index]            | [EuroLeader]                              | [Deutsche Bank AG]              | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |
| [Index]            | [DAX]                                     | [Deutsche Börse AG]             | [Frankfurt Stock Exchange]  |
| [Share]            | [Ordinary Share/common stock & ISIN etc.] |                                 |   |
| [Other Security]   |   |                                 |   |
| [Fund Share]       |   |                                 |   |
| [Commodity]        | [Fine Troy of Gold]                       | [Non applicable]                | [London Metal Exchange]   |
| [Currency Amount]  |   |                                 |   |

***[If the Final Reference Level is determined on one single day insert:***

"Valuation Date" means [the [●] Trading Day following the Maturity Date] [[●], or, if such day is not a Trading Day, the next following Trading Day] [●]<sup>1</sup> unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following

<sup>1</sup> Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

## SINGLE UNDERLYING LINKED NOTES

the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

**[If the Final Reference Level is determined on several consecutive days insert:**

**"Valuation Date"** means [each of the first [●]] [●]<sup>1</sup> [Trading Days] [calendar days] following the Maturity Date unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth<sup>2</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth<sup>3</sup> Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth<sup>4</sup> Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

**[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is weekly insert:**

**"Valuation Date"** means the [●] Trading Day of each week from and including [●] up to and including [●]<sup>5</sup> unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the sixth<sup>6</sup>

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<sup>1</sup> Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

<sup>2</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>3</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>4</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc..

<sup>5</sup> Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

<sup>6</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.



## SINGLE UNDERLYING LINKED NOTES

Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that sixth<sup>1</sup> Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that sixth<sup>2</sup> Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is monthly/quarterly/annually insert:*

**"Valuation Date"** means the [●] [Trading Day] [calendar day] of each [month/quarter/year] from and including [●] up to and including [●] [[●] or, if any such day is not a Trading Day, the next following Trading Day] <sup>3</sup> unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If such day has not occurred by the fifth<sup>4</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth<sup>5</sup> Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level is determined on several (1) consecutive days or (2) non-consecutive days and the frequency of which is weekly insert:*

**"Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>2</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>3</sup> Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

<sup>4</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>5</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

## SINGLE UNDERLYING LINKED NOTES

Terms with initial capital letters 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. Payments, Interest and Redemption

*Insert Product Condition 3 template for Notes Cash Only*

### 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

### 5. Governing Law

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



## SINGLE UNDERLYING LINKED NOTES

***[Where the Securities are governed by English law, insert:***

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

SINGLE UNDERLYING LINKED NOTES

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**BASKET LINKED NOTES**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**19.**

**BASKET LINKED NOTES**





## BASKET LINKED NOTES

*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [If Deutsche Bank AG London is Issuer insert: its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [If Deutsche Bank AG Frankfurt is Issuer insert: its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

"**Basket**" means a basket of assets comprised as follows:

| Type of Basket Constituent | Name of Basket Constituent                | Sponsor or Issuer of Basket Constituent | Reference Source  | Security Code / ISIN of Basket Constituent |
|----------------------------|---|---|---|--|
| [Index]                    | [EuroLeader]                              | [Deutsche Bank AG]                      | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] | [Non applicable]                           |
| [Index]                    | [DAX]                                     | [Deutsche Boerse AG]                    | [Frankfurt Stock Exchange]  | [Non applicable]                           |
| [Share]                    | [Ordinary Share/common stock & ISIN etc.] |   |   |  |
| [Other Security]           |   |   |   |  |
| [Fund Share]               |   |   |   |  |
| [Commodity]                | [Fine Troy of Gold]                       | [Non applicable]                        | [London Metal Exchange]   | [Non applicable]                           |
| [Currency Amount]          |   |   |   |  |

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| Name of Basket Constituent | Basket Constituent Percentage Weight | Basket Constituent Multiplier | [Reference Currency] | [Time of Exchange Rate determination] |
|----------------------------|--------------------------------------|-------------------------------|----------------------|---------------------------------------|
| [●]                        | [●]                                  | [●]                           | [●]                  | [●]                                   |

| Name of Basket Constituent | Reference Level determination                             |
|----------------------------|---|
| [●]                        | [Auction, Closing, Open price, traded price] <sup>1</sup> |
| [●]                        | [●]   |

**"Basket Constituent"** means each of the assets as defined in "Basket" above, subject to adjustment in accordance with Product Conditions 4;

**"Basket Constituent Level"** means in respect of any day, subject to Product Condition 4, an amount equal to the level of the Basket Constituent determined in the manner as defined in the column "Reference Level determination" in "Basket" above, all as determined by the Calculation Agent;

*[If the Basket Multipliers are known prior to the issue date insert:]*

**"Basket Constituent Multiplier"** means in relation to each Basket Constituent a number as defined in "Basket" above, subject to adjustment in accordance with Product Condition 4;]

*[If the Basket Multipliers are not known prior to the issue date and all Reference Currencies are equal to the Settlement Currency or the Security is a quanto security insert:]*

**"Basket Constituent Multiplier"** means, in relation to each Basket Constituent and subject to adjustment in accordance with Product Condition 4, a number equal to the quotient of:

- 1) the relevant Basket Constituent Percentage Weight (as numerator); and
- 2) the [Basket Constituent Level] [●] on [●] [or, if such day is not a Trading Day, the first succeeding Trading Day] (as denominator);]

*[If the Basket Multipliers are not known prior to the issue date and the Settlement Currency is not equal to the Reference Currency and the Security is not a quanto security insert:]*

**"Basket Constituent Multiplier"** means, in relation to each Basket Constituent and subject to adjustment in accordance with Product Condition 4, a number equal to the quotient of:

- 1) the product of (as numerator):
  - a) the relevant Basket Constituent Percentage Weight; and
  - b) [the Exchange Rate of the relevant Reference Currency on] [●] [●];

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<sup>1</sup> Insert mode for determination of the Reference Level.

## BASKET LINKED NOTES

2) the [Basket Constituent Level] [●] on [●] [or, if such day is not a Trading Day, the first succeeding Trading Day] (as denominator);]

**"Basket Constituent Percentage Weight"** means, in relation to each Basket Constituent, a number as defined for such Basket Constituent in the column "Basket Constituent Percentage Weight" in "Basket" above;

**"Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business [and for the purpose of making payments in euro any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open] [●];

**"Calculation Agent"** means the Issuer, subject to the provisions of General Condition 5;

**"Clearing Agent"** means [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent);

*[If the Settlement Currency is not the same as all the Reference Currencies and if the Security is not a quanto security insert:*

**"Exchange Rate"** means in relation to each Basket Constituent and in respect of any day, the rate of exchange prevailing at the time as defined in the column "Time of Exchange Rate determination" in "Basket" above (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

*[If the Final Reference Level is determined on one single day insert:*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Final Reference Level is determined on several consecutive days insert:*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is weekly, monthly, quarterly or annual insert:*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates [as determined by the Calcula-

tion Agent and without regard to any subsequently published correction]<sup>1</sup> [(having regard to any correction thereto published before the last occurring Valuation Date but without regard to any correction published on or after the last occurring Valuation Date), all as determined by the Calculation Agent]<sup>2</sup>;

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

*[If the Initial Reference Level is fixed before issuance insert:*

"Initial Reference Level" means, subject to Product Condition 4, [●];]

*[If the Initial Reference Level is determined on one single day insert:*

"Initial Reference Level" means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

"Initial Reference Level" means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is weekly, monthly, quarterly or annual insert:*

"Initial Reference Level" means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates [as determined by the Calculation Agent and without regard to any subsequently published correction]<sup>3</sup> or [(having regard to any correction thereto published before the last occurring Initial Reference Valuation Date but without regard to any correction published on or after the last occurring Initial Reference Valuation Date), all as determined by the Calculation Agent]<sup>4</sup>;

*[If the Initial Reference Level is determined on one single day and the valuations in the event of market disruption will be done in relation to the basket as a whole insert:*

"Initial Reference Valuation Date" means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth<sup>5</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial

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<sup>1</sup> Insert if subsequent corrections of the Reference Levels are not to be taken into account.

<sup>2</sup> Insert if subsequent corrections of the Reference Levels are to be taken into account.

<sup>3</sup> Insert if subsequent corrections of the Reference Levels are not to be taken into account.

<sup>4</sup> Insert if subsequent corrections of the Reference Levels are to be taken into account.

<sup>5</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.



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Reference Valuation Date, then (A) that fifth<sup>1</sup> Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth<sup>2</sup> Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on one single day and the valuations in the event of market disruption will be done in relation to each constituent in the basket insert:*

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on any such day, then the relevant Initial Reference Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Initial Reference Valuation Date and the Initial Reference Valuation Date for each Underlying affected (each an **"Initially Affected Item"**) by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Initially Affected Item, unless there is a Market Disruption Event relating to the Initially Affected Item occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been that Initial Reference Valuation Date. In that case (A) the fifth Trading Day shall be deemed to be that Initial Reference Valuation Date for the Initially Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Initially Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Initially Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days and the valuations in the event of market disruption will be done in relation to the basket as a whole insert:*

**"Initial Reference Valuation Date"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Ref-

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>2</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

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erence Valid Date has not occurred by the fifth<sup>1</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth<sup>2</sup> Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth<sup>3</sup> Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days and the valuations in the event of market disruption will be done in relation to each constituent in the basket insert:*

"Initial Reference Valuation Date" means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Initial Reference Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Initial Reference Valuation Date and the Initial Reference Valuation Date for each Underlying affected (each an "Initially Affected Item") by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Initially Affected Item, unless there is a Market Disruption Event relating to the Initially Affected Item occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been that Initial Reference Valuation Date. In that case (A) the fifth Trading Day shall be deemed to be the Initial Reference Valuation Date for the Initially Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Initially Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Initially Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is weekly and the valuations in the event of market disruption will be done in relation to the basket as a whole, insert:*

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>2</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

<sup>3</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

"**Initial Reference Valuation Date**" means the [●] Trading Day of each week from and including [●] up to and including [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the sixth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that sixth Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that sixth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is weekly and the valuations in the event of market disruption will be done in relation to each constituent in the basket insert:]*

"**Initial Reference Valuation Date**" means the [●] Trading Day of each week from and including [●] up to and including [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Initial Reference Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Initial Reference Valuation Date and the Initial Reference Valuation Date for each Underlying affected (each an "**Initially Affected Item**") by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Initially Affected Item, unless there is a Market Disruption Event relating to the Initially Affected Item occurring on each of the six Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Initial Reference Valuation Date. In that case (A) the sixth Trading Day shall be deemed to be that Initial Reference Valuation Date for the Initially Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Initially Affected Item as of that sixth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Initially Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is monthly/quarterly/annually and the valuations in the event of market disruption will be done in relation to the basket as a whole insert:]*

"**Initial Reference Valuation Date**" means the [[●] [Trading Day] [calendar day] of each [month/quarter/year] from and including [●] up to and including [●]][[●] or, if any such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If such day has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference

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Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is monthly/quarterly/annually and the valuations in the event of market disruption will be done in relation to each constituent in the basket insert:*

**"Initial Reference Valuation Date"** means the [[●] [Trading Day] [calendar day] of each [month/quarter/year] from and including [●] up to and including [●]][[●] or, if any such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Initial Reference Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Initial Reference Valuation Date and the Initial Reference Valuation Date for each Underlying affected (each an **"Initially Affected Item"**) by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Initially Affected Item, unless there is a Market Disruption Event relating to the Initially Affected Item occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been that Initial Reference Valuation Date. In that case (A) the fifth Trading Day shall be deemed to be that Initial Reference Valuation Date for the Initially Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Initially Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Initially Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several (1) consecutive days or (2) non-consecutive days and the frequency of which is weekly insert:*

**"Initial Reference Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

*[If the Security bears interest, insert*

*[If the Interest Amount is to be determined on the basis of Interest Periods insert:*

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

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction];]

*[If the Interest Amount is to be determined without reference to Interest Periods insert:*

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

Nominal Amount x Interest Rate,

being [Currency] [Amount];]

**"Interest Cessation Date"** means [the last] [●] day[s] before [the Maturity Date] [the Interest Payment Date];

**"Interest Payment Date"** means [●][or, if such day is not a Payment Day, the next following Payment Day] [and the Maturity Date];

*[If the Interest Amount is to be determined on the basis of Interest Periods insert:*

**"Interest Period"** means the period commencing on (and including) the Primary Market End 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 and, if interest is required to be calculated for a period ending other than on (but excluding) the relevant Interest Payment Date, the period commencing on and including the most recent Interest Payment Date (or if none the Primary Market End Date) to but excluding the relevant payment date;]

*[If the Interest Amount is to be determined without reference to Interest Periods insert:*

**"Interest Period"** means the period commencing on (and including) the date on which payment of any Redemption Cash Amount in respect of the Securities is due, to (but excluding) the date on which such Redemption Cash Amount is paid;]

**"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 31<sup>st</sup> 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);]

*[Insert if needed:*

**"Issue Date"** means [●];]

**"Issuer"** means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (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 Payment Day following the [Valuation Date] [last occurring Valuation Date] [●]<sup>1</sup> [or, if such day is not a Payment Day, the next following Payment Day];

**"Nominal Amount"** means [●][●];

**"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] [Frankfurt]; 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;

**"Participation Factor"** means [●], subject to adjustment in accordance with Product Condition 4;

**"Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;

**"Redemption Cash Amount"** means ,with respect to each Security, an amount determined by the Calculation Agent as follows:

$$\text{Nominal Amount} + \text{Nominal Amount} \times \text{Participation} \times \frac{\text{Final Reference Level} - \text{Initial Reference Level}}{\text{Initial Reference Level}}$$

subject to a minimum of [●]<sup>2</sup> [●] [and a maximum of [●]<sup>3</sup> [●]]. 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;

*[If the Settlement Currency is not the same as the Reference Currency insert:]*

**"Reference Currency"** means, in relation to a Basket Constituent, the currency specified to be Reference Currency in the table in "Basket" above;

*[If the Settlement Currency is the same as all Reference Currencies or the Security is a quanto security insert:]*

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>4</sup> determined by the Calculation Agent equal to the sum of the products for each Basket Constituent of:

- 1) the [Basket Constituent Level for each Basket Constituent] [●] on [●] [or, if such day is not a Trading Day, the first succeeding Trading Day] on such day; and
- 2) the Basket Constituent Multiplier of each Basket Constituent on such day.

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<sup>1</sup> Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

<sup>2</sup> Define currency.

<sup>3</sup> Define currency.

<sup>4</sup> Insert when Security is a quanto security.

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As a formula:

$$\text{Reference Level}_t = \sum_i^n P_{i,t} \times \text{BCM}_{i,t}$$

where:

- n = number of Basket Constituents in the Basket
- $P_{i,t}$  = the Basket Constituent Level i on day t
- $\text{BCM}_{i,t}$  = Basket Constituent Multiplier i on day t;

**[If the Settlement Currency is not the same as all Reference Currencies and the Security is not a quanto security insert:**

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount determined by the Calculation Agent equal to the sum of the products for each Basket Constituent of:

- 1) the [Basket Constituent Level for the Basket Constituent] [●] on [●] [or, if such day is not a Trading Day, the first succeeding Trading Day] on such day; and
- 2) the quotient of
  - a) the Basket Constituent Multiplier of each Basket Constituent on such day (as numerator) ; and
  - b) the Exchange Rate of each Basket Constituent on such day (as denominator).

As a formula:

$$\text{Reference Level}_t = \sum_i^n P_{i,t} \times \frac{\text{BCM}_{i,t}}{\text{ER}_{i,t}}$$

where:

- n = number of Basket Constituents in the Basket
- $P_{i,t}$  = the Basket Constituent Level i on day t
- $\text{BCM}_{i,t}$  = Basket Constituent Multiplier i on day t
- $\text{ER}_{i,t}$  = Exchange Rate i on day t;

**"Reference Source"** means the reference source or reference sources specified in the table under "Basket" above, or any successor to such reference source, all as determined by the Calculation Agent;

**"Securities"** means up to [●] notes relating to the Underlying 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 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"** means cash settlement ("**Cash Settlement**")

**"Settlement Currency"** means [●];

## BASKET LINKED NOTES

**"Trading Day"** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

*If any Reference Source is an exchange or trading system insert <sup>1</sup>:*

- for any Reference Source which is an exchange, a trading system or a quotation system, any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

*If any Reference Source is not an exchange or trading system insert <sup>2</sup>:*

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

**"Underlying"** means the [●] basket as defined in "Basket" above;

*[If the Final Reference Level is determined on one single day and the valuations in the event of market disruption will be done in relation to the basket as a whole insert:*

**"Valuation Date"** means [the [●] Trading Day following the Maturity Date] [the Maturity Date, or, if such day is not a Trading Day, the next following Trading Day] [●]<sup>3</sup> unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level is determined on one single day and the valuations in the event of market disruption will be done in relation to each constituent in the basket :*

**"Valuation Date"** means [the [●] Trading Day following the relevant Exercise Date] [the relevant Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on any such day, then the relevant Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Valuation Date and the Valuation Date for each Underlying affected (each an **"Affected Item"**) by a Market Disruption Event shall be the first succeeding Trading Day on

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<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.

<sup>3</sup> Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".



## BASKET LINKED NOTES

which there is no Market Disruption Event relating to that Affected Item, unless there is a Market Disruption Event relating to the Affected Item occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been that Valuation Date. In that case then (A) the fifth Trading Day shall be deemed to be that Valuation Date for the Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Securities are European and the Final Reference Level is determined on several consecutive days and the valuations in the event of market disruption will be done in relation to the basket as a whole, insert:*

**"Valuation Date"** means [each of the first [●] [●]<sup>1</sup> [Trading Days] [calendar days] following the Maturity Date [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth<sup>2</sup> Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

*[If the Securities are European and the Final Reference Level is determined on several consecutive days and the valuations in the event of market disruption will be done in relation to each constituent in the basket, insert:*

**"Valuation Date"** means [each of the first [●] [●] [Trading Days] [calendar days] following the Exercise Date for such Security] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Valuation Date and the Valuation Date for each Underlying affected (each an **"Affected Item"**) by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Affected Item, unless there is

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<sup>1</sup> Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

<sup>2</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

## BASKET LINKED NOTES

a Market Disruption Event relating to the Affected Item occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been that Valuation Date. In that case then (A) the fifth Trading Day shall be deemed to be that Valuation Date for the Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is weekly and the valuations in the event of market disruption will be done in relation to the basket as a whole, insert:]*

**"Valuation Date"** means the [●] Trading Day of each week from and including [●] up to and including [●]<sup>1</sup> unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the sixth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that sixth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that sixth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

*[If the Securities are European and the Final Reference Level is determined on several non consecutive days and the frequency of which is weekly and the valuations in the event of market disruption will be done in relation to each constituent in the basket, insert:]*

**"Valuation Date"** means the [●] Trading Day of each week from and including [●] up to and including [●]<sup>2</sup> unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Valuation Date and the Valuation Date for each Underlying affected (each an **"Affected Item"**) by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Affected Item, unless there is a Market Disruption Event relating to the Affected Item occurring on each of the six Trading Days immediately following the original date which (but for the Market Disruption Event) would have been that Valuation Date. In that case then (A) the sixth Trading Day shall be deemed to be that Valuation Date for the Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining

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1 Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

2 Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

the price or level of the Affected Item as of that sixth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is monthly/quarterly/annually and the valuations in the event of market disruption will be done in relation to the basket as a whole, insert:*

**"Valuation Date"** means the [●] [Trading Day] [calendar day] of each [month/quarter/year] from and including [●] up to and including [●][[●]<sup>1</sup> or, if any such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If such day has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is monthly/quarterly/annually and the valuations in the event of market disruption will be done in relation to each constituent in the basket, insert:*

**"Valuation Date"** means the [●] [Trading Day] [calendar day] of each [month/quarter/year] from and including [●] up to and including [●][[●]<sup>2</sup> or, if any such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Valuation Date and the Valuation Date for each Underlying affected (each an **"Affected Item"**) by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Affected Item, unless there is a Market Disruption Event relating to the Affected Item occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been that Valuation Date. In that case then (A) the fifth Trading Day shall be deemed to be that Valuation Date for the Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the

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1 Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

2 Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

last reported, published or traded price of the Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Final Reference Level is determined on several (1) consecutive days or (2) non-consecutive days and the frequency of which is weekly insert:*

"**Valid Date**" means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters 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. Payments, Interest and Redemption

*Insert Product Condition 3 template Notes*

## 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

**5. Governing Law**

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

BASKET LINKED NOTES

**INFORMATION RELATING TO THE UNDERLYING**

**SINGLE UNDERLYING LINKED REVERSE CONVERTIBLE NOTE**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**20.**

**SINGLE UNDERLYING LINKED REVERSE CONVERTIBLE NOTE**







*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [*If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [*If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

*[In case of a "down and in" knock-in or "up and out" knock-out or Minimum Redemption Amount feature insert:*

"**Barrier Level**" means [●] [[●] per cent of the Initial Reference Level];

"**Business Day**" means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and (ii) if applicable, in relation to delivery of the Physical Settlement Amount [a day on which the Physical Delivery Clearing System is open for business/specify relevant business day for other physical delivery method];

"**Calculation Agent**" means the Issuer, subject to the provisions of General Condition 5;

"**Clearing Agent**" means [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depository holding the Global Security on behalf of the Clearing Agent).

*[In case a Delivery Notice is required insert:*

"**Cut-off Date**" means [●];

"**Delivery Details**" means [the account details of the Securityholder's securities account with [●] (the "**Physical Delivery Clearing System**") for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/specify other relevant details for physical delivery method];

## SINGLE UNDERLYING LINKED REVERSE CONVERTIBLE NOTE

"**Delivery Notice**" has the meaning ascribed thereto in Product Condition 3;

*[In case of a "down and in" knock-in or "up and out" knock-out feature insert:]*

"**Barrier Determination Amount**" means [, at any time] on any Barrier Determination Date, an amount equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> [at such time] on such day determined by the Calculation Agent, provided that if a Market Disruption Event has occurred and is prevailing at such time on such day, no Barrier Determination Amount shall be calculated for such time;]

*[In case of a "down and in" knock-in or "up and out" knock-out feature insert:]*

"**Barrier Determination Date**" means each Trading Day during the Barrier Determination Period;]

*[In case of a "down and in" knock-in or "up and out" knock-out feature insert:]*

"**Barrier Determination Period**" means the period from [and including] [●] to [and including] the [●] [relevant time for the determination of the Final Reference Level on the last occurring Valuation Date, as specified in the definition of the Reference Level];]

"**Determination Level**" means [●] [[●] per cent of the Initial Reference Level];

"**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;

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:]*

"**Exchange Rate**" means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

*[If the Final Reference Level is determined on one single day insert:]*

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Final Reference Level is determined on several consecutive days insert:]*

"**Final Reference Level**" means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

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

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<sup>1</sup> Insert mode for determination of the Determination Amount.

## SINGLE UNDERLYING LINKED REVERSE CONVERTIBLE NOTE

*[If the any Barrier Level or Determination Level is based on the Initial Reference Level, insert:*

*[If the Initial Reference Level is fixed before issuance insert:*

"Initial Reference Level" means, subject to Product Condition 4, [●];]

*[If the Initial Reference Level is determined after issuance:*

"Initial Reference Level" means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

"Initial Reference Valuation Date" means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;

*[Insert if needed:*

"Issue Date" means [●];]

"Issuer" means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];]

*[If the Security bears interest, insert*

"Interest Amount" means,

*[If the Interest Amount is to be determined on the basis of Interest Periods insert:*

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

Nominal Amount x Interest Rate x Interest Rate Day Count Fraction;]

*[[If the Interest Amount is to be determined without reference to Interest Periods insert:*

in respect of each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate,

being [Currency] [Amount];]

"Interest Cessation Date" means [the last] [●] day[s] before [the Maturity Date] [the Interest Payment Date];]

## SINGLE UNDERLYING LINKED REVERSE CONVERTIBLE NOTE

**"Interest Payment Date"** means [●][or, if such day is not a Payment Day, the next following Payment Day] [and the Maturity Date];

**"Interest Period"** means

*[If the Interest Amount is to be determined on the basis of Interest Periods insert:*

the period commencing on (and including) the Primary Market End 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 and, if interest is required to be calculated for a period ending other than on (but excluding) the relevant Interest Payment Date, the period commencing on and including the most recent Interest Payment Date (or if none the Primary Market End Date) to but excluding the relevant payment date;]

*[If the Interest Amount is to be determined without reference to Interest Periods insert:*

the period commencing on (and including) the date on which payment of any Redemption Cash Amount and/or delivery of any Physical Settlement Amount in respect of the Securities is due to but (excluding) the date on which such Redemption Cash Amount is paid or, as the case may be, such Physical Settlement Amount is delivered;]

**"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 31<sup>st</sup> 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);]

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

**"Maturity Date"** means the fifth Payment Day following the Valuation Date [●] [or, if such day is not a Payment Day, the next following Payment Day];

*[If the Securities provide for a Minimum Redemption Amount, insert:*

**"Minimum Redemption Amount"** means [●] [[●] per cent of the Initial Reference Level];]

**"Nominal Amount"** means [●];

## SINGLE UNDERLYING LINKED REVERSE CONVERTIBLE NOTE

***[If the issuer has the right to select either Cash Settlement or Physical Settlement insert:***

**"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] [Frankfurt]; 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;

***[If the Underlying is share, other security, fund share or currency amount and if Settlement is not cash only insert:***

**"Physical Settlement Amount"** means [●] unit[s] of the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

***[If the Underlying is index or commodity and if Settlement is not cash only insert:***

**"Physical Settlement Amount"** means [●] unit[s] of [●] [certificate (s) relating to] [●] the Underlying (each a **"Physical Settlement Unit"**), multiplied with the [Multiplier] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Product Condition 4. Securities belonging to the same Securityholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Securities, [provided that the aggregate Physical Settlement Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered[ and no cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, a cash compensation will be paid, which shall be equal to the product of the remaining fraction and the [●] of the Physical Settlement Unit on [●]; such cash amount shall, for the purposes of Product Condition 3, be treated as the or, as the case may be, an additional Cash Settlement Amount.]]

***[If the any Barrier Level or Determination Level is based on the Initial Reference Level, insert:***

**"Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

## SINGLE UNDERLYING LINKED REVERSE CONVERTIBLE NOTE

*[If the Securities do not provide for a Minimum Redemption Amount, insert:*

**"Redemption Cash Amount"** means, with respect to each Security, an amount equal to the Nominal Amount;]

*[If the Securities provide for a Minimum Redemption Amount, insert:*

**"Redemption Cash Amount"** means, with respect to each Security,

- 1) if the Final Reference Level is greater than the Barrier Level, an amount equal to the Nominal Amount,
- 2) otherwise, an amount equal to the Minimum Redemption Amount;]

*[If the Settlement Currency is not the same as the Reference Currency insert:*

**"Reference Currency"** means [●];]

*[If the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security insert:*

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the [Settlement]<sup>1</sup> [Reference]<sup>2</sup> Currency)] equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>3</sup> on such day [●], as determined by the Calculation Agent;

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

**"Reference Level"** means, in respect of any day, subject to Product Condition 4, an amount, as determined by the Calculation Agent, equal to the quotient of:

- 1) the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>4</sup> [●] on such day (as numerator); and
- 2) the Exchange Rate on such day (as denominator);]

**"Reference Source"** means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, acceptable to and all as determined by the Calculation Agent;

**"Securities"** means up to [●] reverse convertible notes relating to the Underlying 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 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 [●];

*[If the Issuer has discretion in determining the Physical Settlement insert:*

**"Settlement"** means

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1 Insert if the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security.

2 Insert if the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security.

3 Insert mode for determination of the Reference Level.

4 Insert mode for determination of the Reference Level.



## SINGLE UNDERLYING LINKED REVERSE CONVERTIBLE NOTE

*[If the Securities do not provide for a Minimum Redemption Amount and for a knock-out or knock-in feature insert:*

- 1) if the Issuer, in its full discretion, selects to redeem the Securities by delivery of the Physical Settlement Amount, physical settlement ("**Physical Settlement**"),
- 2) otherwise, cash settlement ("**Cash Settlement**");]

*[If the Securities do not provide for a Minimum Redemption Amount, but provide for an up-and-out feature insert:*

- 1) if the Issuer, in its full discretion, selects to redeem the Securities by delivery of the Physical Settlement Amount, provided that this selection shall only be possible if during [●] [the Determination Period] the Barrier Determination Amount has not been equal to or greater than the Barrier Level, physical settlement ("**Physical Settlement**"),
- 2) otherwise, cash settlement ("**Cash Settlement**");]

*[If the Securities do not provide for a Minimum Redemption Amount, but provide for a down and -in feature insert:*

- 1) if the Issuer, in its full discretion, selects to redeem the Securities by delivery of the Physical Settlement Amount, provided that this selection shall only be possible if [at any time] during [●] [the Determination Period] the Barrier Determination Amount has been equal to or less than the Barrier Level, physical settlement ("**Physical Settlement**"),]
- 2) otherwise, cash settlement ("**Cash Settlement**");]

*[If the Securities provide for a Minimum Redemption Amount feature insert:*

- 1) if the Issuer, in its full discretion, selects to redeem the Securities by delivery of the Physical Settlement Amount, provided that this selection shall only be possible if the Final Reference Level is greater than the Barrier Level, physical settlement ("**Physical Settlement**"),]
- 2) otherwise, cash settlement ("**Cash Settlement**");]

*[If the Issuer has no discretion in determining the Physical Settlement insert:*

"**Settlement**" means

*[If the Securities do not provide for a Minimum Redemption Amount and for a knock-out or knock-in feature insert:*

- 1) if the Final Reference Level is less than the Determination Level, physical settlement ("**Physical Settlement**"),
- 2) otherwise, cash settlement ("**Cash Settlement**");]

*[If the Securities do not provide for a Minimum Redemption Amount, but provide for an up-and-out feature insert:*

- 1) if, in the determination of the Calculation Agent, (A) the Final Reference Level is less than the Determination Level, and (B) [at any time] during [●] [the Determination Period] the Barrier Determination Amount has not been equal to or greater than the Barrier Level, physical settlement ("**Physical Settlement**"),]
- 2) otherwise, cash settlement ("**Cash Settlement**");]

## SINGLE UNDERLYING LINKED REVERSE CONVERTIBLE NOTE

**[If the Securities do not provide for a Minimum Redemption Amount, but provide for a down-and -in feature insert:**

- 1) if, in the determination of the Calculation Agent, (A) the Final Reference Level is less than the Determination Level, and (B) [at any time] during [●] [the Determination Period] the Barrier Determination Amount has been equal to or less than the Barrier Level, physical settlement ("**Physical Settlement**"),]
- 2) otherwise, cash settlement ("**Cash Settlement**");]

**[If the Securities provide for a Minimum Redemption Amount:**

- 1) if, in the determination of the Calculation Agent, the Final Reference Level is (A) less than the Determination Level, and (B) greater than the Barrier Level, physical settlement ("**Physical Settlement**"),]
- 2) otherwise, cash settlement ("**Cash Settlement**");]

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

**[If any Reference Source is an exchange or trading system insert 1:**

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

**[If any Reference Source is not an exchange or trading system insert 2:**

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

"**Underlying**" means the following [index] [share] [other security] [fund share] [commodity] [currency amount]:

| Type of Underlying | Name of Underlying | Sponsor or Issuer of Underlying | Reference Source  |
|--------------------|--------------------|---------------------------------|---|
| [Index]            | [EuroLeader]       | [Deutsche Bank AG]              | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |
| [Index]            | [DAX]              | [Deutsche Börse AG]             | [Frankfurt Stock Exchange]  |

<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.



## SINGLE UNDERLYING LINKED REVERSE CONVERTIBLE NOTE

|                   |   |                  |                         |
|-------------------|---|------------------|-------------------------|
| [Share]           | [Ordinary Share/common stock & ISIN etc.] |                  |                         |
| [Other Security]  |   |                  |                         |
| [Fund Share]      |   |                  |                         |
| [Commodity]       | [Fine Troy of Gold]                       | [Non applicable] | [London Metal Exchange] |
| [Currency Amount] |   |                  |                         |

"**Valuation Date**" means [the [●] Trading Day following the Maturity Date] [[●], or, if such day is not a Trading Day, the next following Trading Day] [●]<sup>1</sup> unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.

Terms with initial capital letters 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.

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<sup>1</sup> Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

## SINGLE UNDERLYING LINKED REVERSE CONVERTIBLE NOTE

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. Payments, Interest and Redemption

*Insert Product Condition 3 template for Notes*

### 4. Adjustment Provisions

*Insert Product Condition 4 template for relevant Underlying*

### 5. Governing Law

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

SINGLE UNDERLYING LINKED REVERSE CONVERTIBLE NOTE

**INFORMATION RELATING TO THE UNDERLYING**



**SINGLE UNDERLYING LINKED CALLABLE NOTES**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**21.**

**SINGLE UNDERLYING LINKED CALLABLE NOTES**

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*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

**"Affiliate"** means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **"control"** means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and **"controlled by"** and **"controls"** shall be construed accordingly;

**"Agent"** means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [*If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the **"Principal Agent"**) and through its principal office in Frankfurt am Main] [*If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the **"Principal Agent"**) and through its branch office in London (Deutsche Bank AG London)], (each an **"Agent"** 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], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business [and for the purpose of making payments in euro any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open] [●];

**"Calculation Agent"** means the Issuer, subject to the provisions of General Condition 5;

**"Clearing Agent"** means [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent).

**"Early Redemption Cash Amount"** means[, in respect of the first Early Redemption Valuation Date [●], in respect of the second Early Redemption Valuation Date [●], [●]<sup>1</sup>] [●];

**"Early Redemption Valuation Date"** means either [●]<sup>2</sup>, as specified by the Issuer in the Redemption Notice, provided that if any such date is not a Business Day, then such Early Redemption Valuation Date will be the immediately succeeding Business Day;

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<sup>1</sup> Insert all Early Redemption Valuation Dates & Cash Amounts needed.

<sup>2</sup> Specify all Early Redemption Dates.

## SINGLE UNDERLYING LINKED CALLABLE NOTES

**"Early Redemption Date"** means, subject to the provisions of Product Condition 3, the fifth Business Day following the Early Redemption Valuation Date;

**"Early Redemption Notice"** means the notice described as such in Product Condition 3;

*[If the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:]*

**"Exchange Rate"** means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

*[If the Final Reference Level is determined on one single day insert:]*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Final Reference Level is determined on several consecutive days insert:]*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

*[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is weekly, monthly, quarterly or annual insert:]*

**"Final Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates [as determined by the Calculation Agent and without regard to any subsequently published correction]<sup>1</sup> [(having regard to any correction thereto published before the last occurring Valuation Date but without regard to any correction published on or after the last occurring Valuation Date), all as determined by the Calculation Agent]<sup>2</sup>;]

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

*[If the Initial Reference Level is fixed before issuance insert:]*

**"Initial Reference Level"** means, subject to Product Condition 4, [●];]

*[If the Initial Reference Level is determined on one single day insert:]*

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several consecutive days insert:]*

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<sup>1</sup> Insert if subsequent corrections of the Reference Levels are not to be taken into account.

<sup>2</sup> Insert if subsequent corrections of the Reference Levels are to be taken into account.



## SINGLE UNDERLYING LINKED CALLABLE NOTES

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is weekly, monthly, quarterly or annual insert:*

**"Initial Reference Level"** means, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates [as determined by the Calculation Agent and without regard to any subsequently published correction]<sup>1</sup> or [(having regard to any correction thereto published before the last occurring Initial Reference Valuation Date but without regard to any correction published on or after the last occurring Initial Reference Valuation Date), all as determined by the Calculation Agent]<sup>2</sup>;

*[If the Initial Reference Level is determined on one single day insert:*

**"Initial Reference Valuation Date"** means [the [●] [Trading Day] [calendar day] following the Primary Market End Date] [[●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several consecutive days insert:*

**"Initial Reference Valuation Date"** means [each of the [●] [Trading Days] [calendar days] following the Primary Market End Date] [[●] or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the fifth<sup>3</sup> Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth Trading

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<sup>1</sup> Insert if subsequent corrections of the Reference Levels are not to be taken into account.

<sup>2</sup> Insert if subsequent corrections of the Reference Levels are to be taken into account.

<sup>3</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

## SINGLE UNDERLYING LINKED CALLABLE NOTES

Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is weekly insert:*

**"Initial Reference Valuation Date"** means the [●] Trading Day of each week from and including [●] up to and including [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the sixth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that sixth Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several non-consecutive days and the frequency of which is monthly/quarterly/annually insert:*

**"Initial Reference Valuation Date"** means the [[●] [Trading Day] [calendar day] of each [month/quarter/year] from and including [●] up to and including [●]][[●] or, if any such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If such day has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level is determined on several (1) consecutive days or (2) non-consecutive days and the frequency of which is weekly insert:*

**"Initial Reference Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

*[Insert if needed:*

**"Issue Date"** means [●];]

## SINGLE UNDERLYING LINKED CALLABLE NOTES

"**Issuer**" means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (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 Payment Day following the [Valuation Date] [last occurring Valuation Date] [●]<sup>1</sup> [or, if such day is not a Payment Day, the next following Payment Day];

"**Nominal Amount**" means [●];

"**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] [Frankfurt]; 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;

"**Participation Factor**" means [●], subject to adjustment in accordance with Product Condition 4;

"**Primary Market End Date**" means [●] or, if such day is not a Business Day, the first succeeding Business Day;

*[If the Redemption Cash Amount for redemption on an Early Redemption Date is not determined in the same way as for redemption at maturity insert:*

"**Redemption Cash Amount**" means, with respect to each Security, an amount determined by the Calculation Agent as follows:

1. if the Securities are redeemed on the Maturity Date:

$$\text{Nominal Amount} + \text{Nominal Amount} \times \text{Participation} \times \frac{\text{Final Reference Level} - \text{Initial Reference Level}}{\text{Initial Reference Level}}$$

subject to a minimum of [●]<sup>2</sup> [●] [and a maximum of [●]<sup>3</sup> [●]]. 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;

2. if the Securities are redeemed on a Early Redemption Date the Early Redemption Cash Amount;

*[If the Settlement Currency is not the same as the Reference Currency insert:*

"**Reference Currency**" means [●];]

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1 Provided that either the Maturity or the Valuation Date is an actual date. These definitions cannot be "circular".

2 Define currency.

3 Define currency.

## SINGLE UNDERLYING LINKED CALLABLE NOTES

*[If all Reference Levels are determined in the same manner and the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security insert:*

"Reference Level" means, in respect of any day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>1</sup> equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>2</sup> on such day [●], as determined by the Calculation Agent;]

*[If the Initial and Final Reference Level are not determined in the same manner and the Settlement Currency is the same as the Reference Currency or if the Security is a quanto security insert:*

"Reference Level" means, in respect of:

- 1) [a[n]/the] [Initial Reference] [Valuation] Date, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>1</sup> calculated by the Calculation Agent [in the same manner as the sponsor of the Underlying, as specified under "Underlying" below, would calculate the [●] [official closing] [price] [level] of the Underlying on such day, except that in making such calculation the Calculation Agent shall substitute [●] for [●]] [to be equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>2</sup> on such day, [●]]; and
- 2) any other day, subject to Product Condition 4, an amount [(which shall be deemed to be a monetary value in the Settlement Currency)]<sup>3</sup> equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>4</sup> on such day, as determined by the Calculation Agent;]

*[If all Reference Levels are determined in the same manner and the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

"Reference Level" means, in respect of any day, subject to Product Condition 4, an amount, as determined by the Calculation Agent, equal to the quotient of

- 1) the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>5</sup> [●] on such day (as numerator); and
- 2) the Exchange Rate on such day (as denominator);]

*[If the Initial and Final Reference Level are not determined in the same manner and the Settlement Currency is not the same as the Reference Currency and if the Security is not a quanto security insert:*

"Reference Level" means, in respect of:

- 1) [a[n]/the] [Initial Reference] [Valuation] [Exercise] Date, subject to Product Condition 4, an amount as determined by the Calculation Agent, equal to the quotient of

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<sup>1</sup> Insert if the Security is a quanto security

<sup>2</sup> Insert mode for determination of the Reference Level.

<sup>3</sup> Insert if the Security is a quanto security

<sup>4</sup> Insert mode for determination of the Reference Level.

<sup>5</sup> Insert mode for determination of the Reference Level.

## SINGLE UNDERLYING LINKED CALLABLE NOTES

- a) the official Reference Level for such [Initial Reference] Valuation Date calculated by the Calculation Agent [in the same manner as the sponsor of the Underlying, as specified in the table under "Underlying" below, would calculate the [●] [official closing] [price] [level] of the Underlying on such day, except that in making such calculation the Calculation Agent shall substitute [●] for [●]] [to be equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>1</sup> on such day, [●] (as numerator); and
  - b) the Exchange Rate on such day (as denominator);
- 2) any other day, subject to Product Condition 4, an amount as determined by the Calculation Agent, equal to the quotient of
    - a) the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●]<sup>2</sup> on such day (as numerator); and
    - b) the Exchange Rate on such day (as denominator);]

**"Reference Source"** means the reference source or reference sources specified in the table under "Underlying" below, or any successor to such reference source, all as determined by the Calculation Agent;

**"Securities"** means up to [●] callable notes relating to the Underlying 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 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"** means cash settlement ("**Cash Settlement**")

**"Settlement Currency"** means [●];

**"Trading Day"** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

*[If any Reference Source is an exchange or trading system insert 3:]*

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

*[If any Reference Source is not an exchange or trading system insert 4:]*

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

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<sup>1</sup> Insert mode for determination of the Reference Level.

<sup>2</sup> Insert mode for determination of the Reference Level.

<sup>3</sup> Insert both alternatives if applicable.

<sup>4</sup> Insert both alternatives if applicable.

SINGLE UNDERLYING LINKED CALLABLE NOTES

"Underlying" means the following [index] [share] [other security] [fund share] [commodity] [currency amount]:

| Type of Underlying | Name of Underlying                        | Sponsor or Issuer of Underlying | Reference Source  |
|--------------------|---|---------------------------------|---|
| [Index]            | [EuroLeader]                              | [Deutsche Bank AG]              | [In relation to each security or other asset constituting the Basket Constituent, the primary exchange on which such security or other asset is listed or traded] |
| [Index]            | [DAX]                                     | [Deutsche Börse AG]             | [Frankfurt Stock Exchange]  |
| [Share]            | [Ordinary Share/common stock & ISIN etc.] |                                 |   |
| [Other Security]   |   |                                 |   |
| [Fund Share]       |   |                                 |   |
| [Commodity]        | [Fine Troy of Gold]                       | [Non applicable]                | [London Metal Exchange]   |
| [Currency Amount]  |   |                                 |   |

**[If the Final Reference Level is determined on one single day insert:]**

"Valuation Date" means [the [●] Trading Day following the Maturity Date] [the Maturity Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Un-



## SINGLE UNDERLYING LINKED CALLABLE NOTES

derlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

***[If the Final Reference Level is determined on several consecutive days insert:***

**"Valuation Date"** means each of the [first [●]] [●] [Trading Days] [calendar days] following the Maturity Date [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth<sup>1</sup> Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

***[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is weekly insert:***

**"Valuation Date"** means the [●] Trading Day of each week from and including [●] up to and including [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the sixth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that sixth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

***[If the Final Reference Level is determined on several non-consecutive days and the frequency of which is monthly/quarterly/annually insert:***

**"Valuation Date"** means the [●] [Trading Day] [calendar day] of each [month/quarter/year] from and including [●] up to and including [●][●] or, if any such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If such day has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disrup-

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<sup>1</sup> If there are more than five Initial Reference Valuation Dates than this number should be replaced by the number of Initial Reference Valuation Dates. If for example there are six Initial Reference Valuation Dates than fifth should be replaced by sixth. If there are seven, fifth should be replaced by seventh, etc.

## SINGLE UNDERLYING LINKED CALLABLE NOTES

tion Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level is determined on several (1) consecutive days or (2) non-consecutive days and the frequency of which is weekly insert:*

**"Valid Date"** means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters 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. Payments, Interest and Redemption



## SINGLE UNDERLYING LINKED CALLABLE NOTES

*Insert Product Condition 3 template for Notes Redemption at the choice of Issuer*

### **4. Adjustment Provisions**

*Insert Product Condition 4 template for relevant Underlying*

### **5. Governing Law**

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

SINGLE UNDERLYING LINKED CALLABLE NOTES

**INFORMATION RELATING TO THE UNDERLYING**

CONDITIONAL COUPON NOTES (Reset & non-Reset Coupon Reference Level and Conditional Coupon Amount with step down feature, "best of" feature, the sum of conditional and annual, and switch between fixed and conditional Coupon Amount for different Observation Periods)

## **SECTION I: PRODUCT INFORMATION**

### **PRODUCT CONDITIONS**

#### **INFORMATION RELATING TO THE UNDERLYING ASSET**

##### **22.**

#### **CONDITIONAL COUPON NOTES**

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CONDITIONAL COUPON NOTES (Reset & non-Reset Coupon Reference Level and Conditional Coupon Amount with step down feature, "best of" feature, the sum of conditional and annual, and switch between fixed and conditional Coupon Amount for different Observation Periods)

*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [*If Deutsche Bank AG London is Issuer insert:* its branch office in London (Deutsche Bank AG London) (the "**Principal Agent**") and through its principal office in Frankfurt am Main] [*If Deutsche Bank AG Frankfurt is Issuer insert:* its principal office in Frankfurt am Main (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG London)], (each an "**Agent**" and together the "**Agents**");

"**Basket**" means a basket of assets comprised as follows, subject to adjustment in accordance with Product Condition 4

*[If the Basket Constituent with the lowest Performance Factor will be eliminated from the Underlying insert:*

and as reduced by the Eliminated Constituent as determined by the Calculation Agent]:

| Type of Basket Constituent | Name of Basket Constituent           | Sponsor or Issuer of Basket Constituent | [Reference Source]  | Security Code of Basket Constituent |
|----------------------------|--------------------------------------|---|---|-------------------------------------|
| [Index]                    | [EuroLeader]                         | [Deutsche Bank AG]                      | [In relation to each security constituting the Basket Constituent, the primary exchange on which such security is listed or traded] | [Non applicable]                    |
| [Index]                    | [DAX]                                | [Deutsche Boerse AG]                    | [Frankfurt Stock Exchange]  | [Non applicable]                    |
| [Share]                    | [Ordinary Share/common stock & ISIN] |   |   |                                     |

CONDITIONAL COUPON NOTES (Reset & non-Reset Coupon Reference Level and Conditional Coupon Amount with step down feature, "best of" feature, the sum of conditional and annual, and switch between fixed and conditional Coupon Amount for different Observation Periods)

|                   |                     |                  |                         |                  |
|-------------------|---------------------|------------------|-------------------------|------------------|
|                   | etc.]               |                  |                         |                  |
| [Other Security]  |                     |                  |                         |                  |
| [Fund Share]      |                     |                  |                         |                  |
| [Commodity]       | [Fine Troy of Gold] | [Non applicable] | [London Metal Exchange] | [Non applicable] |
| [Currency Amount] |                     |                  |                         |                  |

| Name of Basket Constituent | [Country of Origin] | Basket Constituent Percentage Weight | Basket Constituent Multiplier | [Reference Currency] |
|----------------------------|---------------------|--------------------------------------|-------------------------------|----------------------|
| [●]                        | [●]                 | [●]                                  | [●]                           | [●]                  |
| [●]                        | [●]                 | [●]                                  | [●]                           | [●]                  |

| Name of Basket Constituent | [Time of Exchange Rate determination] | Reference Level determination               |
|----------------------------|---------------------------------------|---|
| [●]                        | [●]                                   | [Auction, Closing, Open price] <sup>1</sup> |
| [●]                        | [●]                                   | [●]   |

"**Basket Constituent**" means each of the assets as defined in "Basket" above, subject to adjustment in accordance with Product Conditions 4;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [London], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business [and for the purpose of making payments in euro any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open] [●];

"**Calculation Agent**" means the Issuer, subject to the provisions of General Condition 5;

"**Clearing Agent**" means [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent);

*[If the Coupon Amount constitutes a conditional coupon with or without a step down feature, insert:*

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<sup>1</sup> Insert mode for determination of the Reference Level.

CONDITIONAL COUPON NOTES (Reset & non-Reset Coupon Reference Level and Conditional Coupon Amount with step down feature, "best of" feature, the sum of conditional and annual, and switch between fixed and conditional Coupon Amount for different Observation Periods)

"**Coupon Amount**" means, in relation to a Coupon Payment Date and each Security:

1) if the Coupon Reference Level of [each] [one] [two] [●] Basket Constituent[s] on each Trading Day within the Observation Period immediately preceding such Coupon Payment Date without regard to any subsequently published correction has been equal to or greater than the Coupon Reference Level in respect of such Basket Constituent[s], [●]; or

[2] if the Coupon Reference Level of [one] [two] [●] Basket Constituent[s] on each Trading Day within the Observation Period immediately preceding such Coupon Payment Date without regard to any subsequently published correction has been equal to or greater than the Coupon Reference Level in respect of such Basket Constituent[s], [●]; or ]

[3] [●] ]

[●] otherwise [zero] [●],

all as determined by the Calculation Agent.

The Coupon Amount (if any) is payable by the Issuer as consideration for the use of the Nominal Amount in respect of a Security and as compensation in recognition that the Coupon Amount on any or all of the Coupon Payment Dates may be equal to zero.]

**[If the Coupon Amount constitutes a conditional coupon and an annual coupon and has a best of feature, insert:**

"**Coupon Amount**" means, in relation to a Coupon Payment Date and each Security an amount equal to the sum of (1) and (2) where

(1) is :

(a) if the Coupon Reference Level of [each] [one] [two] [●] Basket Constituent[s] on each Trading Day within the Observation Period immediately preceding such Coupon Payment Date without regard to any subsequently published correction has been equal to or greater than the Coupon Reference Level in respect of such Basket Constituent[s], [●]; or

(b) otherwise [zero]<sup>1</sup> [●]; and

(2) is the greater of (a) and (b)

(a) [●] per cent of [●][●]

(b) the product of the [●] per cent of [●][●] and the Reference Level of the [least] [●] performing Basket Constituent in the Basket on the relevant Reset Date [●] as determined by the Calculation Agent in its reasonable discretion,

all as determined by the Calculation Agent.

The Coupon Amount (if any) is payable by the Issuer as consideration for the use of the Nominal Amount in respect of a Security and as compensation in recognition that the Coupon Amount on any or all of the Coupon Payment Dates may be equal to zero.]

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<sup>1</sup> Ensure that always either 1(b) or 2(a) is zero.

CONDITIONAL COUPON NOTES (Reset & non-Reset Coupon Reference Level and Conditional Coupon Amount with step down feature, "best of" feature, the sum of conditional and annual, and switch between fixed and conditional Coupon Amount for different Observation Periods)

*[If the Coupon Amount constitutes a conditional coupon for defined Observation Periods but is fixed for other defined Observation Periods, insert:*

"**Coupon Amount**" means, in relation to a Coupon Payment Date and each Security:

- 1) in relation to the [●] [first] Observation Period [●];
- 2) in relation to the [●] Observation Period, if the Coupon Reference Level of [each] [one] [two] [●] Basket Constituent[s] on each Trading Day within the Observation Period [immediately preceding such Coupon Payment Date] without regard to any subsequently published correction has been equal to or greater than the Coupon Reference Level in respect of such Basket Constituent[s], [●]; or

[3] [●] ]

[●] otherwise [zero] [●],

all as determined by the Calculation Agent.

The Coupon Amount (if any) is payable by the Issuer as consideration for the use of the Nominal Amount in respect of a Security and as compensation in recognition that the Coupon Amount on any or all of the Coupon Payment Dates may be equal to zero.]

*[If the Coupon is paid after each Observation period, insert.*

"**Coupon Payment Date**" means, for each Observation Period, the [second] [●] Payment Day following [●] [the last Trading Day of such Observation Period];]

*[If the Coupon is paid at maturity, insert:*

"**Coupon Payment Date**" means, [for each Coupon Amount] the [Maturity Date] [●];]

*[If the Coupon is paid on fixed dates, insert:*

"**Coupon Payment Date**" means, each of [●][●], and [●] or if such day is not a Payment Day, the next following Payment Day;]

*[If the Coupon Reference Level is to be reset, insert:*

"**Coupon Reference Level**" means, in respect of each Basket Constituent and each period described below, subject to Product Condition 4, an amount equal to the product of

(a) [●] per cent.

(b) the Reference Level in respect of such Basket Constituent on

- the Initial Valuation Date for the [first Observation Period] [period commencing on (and including) the Initial Valuation Date up to (and including) the First Reset Date],
- the First Reset Date for the [second Observation Period] [period from (but excluding) the First Reset Date up to (and including) the Second Reset Date],
- the Second Reset Date for the [third Observation Period] [period from (but excluding) the Second Reset Date up to (and including) the Third Reset Date],



CONDITIONAL COUPON NOTES (Reset & non-Reset Coupon Reference Level and Conditional Coupon Amount with step down feature, "best of" feature, the sum of conditional and annual, and switch between fixed and conditional Coupon Amount for different Observation Periods)

- the [●] Reset Date for the [[●]<sup>1</sup> Observation Period] [period from (but excluding) the [●]<sup>2</sup> Reset Date up to (and including) the [●]<sup>1</sup> Reset Date],

all as determined by the Calculation Agent and rounded to the nearest 0.05 in the currency of quotation of the relevant Basket Constituent, 0.05 being rounded upwards;]

**[If the Coupon Reference Level does not have to be reset, insert:**

"**Coupon Reference Level**" means, in respect of each Basket Constituent, subject to Product Condition 4, an amount equal to the product of:

- a) [●] per cent.
- b) the Reference Level in respect of such Basket Constituent on the [Initial Valuation Date] [●] as determined by the Calculation Agent;]

**[If the Basket Constituent with the lowest Performance Factor will be eliminated from the Underlying insert:**

"**Eliminated Constituent**" means, in relation to an [●] [Observation Period], [●] as determined by the Calculation Agent [on the Trading Day immediately preceding the Reset Date] [●], the Basket Constituent with the lowest Performance Factor on [such date] [●]. For the avoidance of doubt, the Eliminated Constituent will be excluded from the Basket as of [●][Reset Date];]

"**Initial Valuation Date<sup>2</sup>**" means the [Issue Date] [●] or, if such day is not a Trading Day, the next following Trading Day unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on any such day, then the relevant Initial Valuation Date for each Basket Constituent not affected by a Market Disruption Event shall be the originally designated Initial Valuation Date and the Initial Valuation Date for each Basket Constituent affected (each an "**Affected Item**") by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Affected Item, unless there is a Market Disruption Event relating to the Affected Item occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been that Initial Valuation Date. In that case then (A) the fifth Trading Day shall be deemed to be that Initial Valuation Date for the Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for that Initial Valuation Date by determining the price or level of the Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Affected Item and such other factors as the Calculation Agent considers relevant;

"**Issue Date**" means [●] or if such day is not a Business Day, the next following Business Day;

"**Issuer**" means Deutsche Bank AG, Frankfurt am Main[, acting through its London branch (Deutsche Bank AG London)];

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<sup>1</sup> Insert as many Reset Dates as necessary.

<sup>2</sup> Initial Coupon Reference Level Determination Date.

CONDITIONAL COUPON NOTES (Reset & non-Reset Coupon Reference Level and Conditional Coupon Amount with step down feature, "best of" feature, the sum of conditional and annual, and switch between fixed and conditional Coupon Amount for different Observation Periods)

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

**"Maturity Date"** means the fifth Payment Day following [the day immediately preceding the Final Reset Date [●];

**"Nominal Amount"** means [●];

**"Observation Period"** means, [(1)] the period commencing on (and including) the Initial Valuation Date to (and including) [the calendar day which corresponds to the First Reset Date, provided, however, that a deferral of such Reset Day in accordance with the definition of "Reset Date", in case such day is not a Trading Day or a Market Disruption Event occurs on such day, shall not be taken into account] [●], and (2) the [four] [●] periods following each from (but excluding) a Reset Date to (and including) [the calendar day which corresponds to the next following Reset Date, provided, however, that a deferral of such Reset Day in accordance with the definition of "Reset Date", in case such day is not a Trading Day or a Market Disruption Event occurs on such day, shall not be taken into account] [●] (each an **"Observation Period"** and together the **"Observation Periods"**);

*[If the Basket Constituent with the lowest Performance Factor will be eliminated from the Underlying insert:*

**"Performance Factor<sub>i</sub>"** means in relation each Basket Constituent and as calculated by the Calculation Agent, the quotient of:

- 1) the Reference Level for such Basket Constituent on [●] [the Trading Day immediately preceding the Reset Date], (as a numerator), and
- 2) the Reference Level for such Basket Constituent on [●] [immediately preceding Reset Date], (as a denominator);]

**"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] [Frankfurt]; 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;

**"Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;

**"Redemption Cash Amount"** means the [Nominal Amount] [●] and any reference herein to "principal" shall be deemed to include the Redemption Cash Amount;

**"Reference Level"** means, (i) in relation to a Basket Constituent that has been a Basket Constituent continuously on and since the Issue Date, in respect of any day, subject to Product Condition 4, an amount expressed in the currency of quotation of such Basket Constituent equal to the price or level of the Basket Constituent on that day determined in the manner as defined in the column "Ref-

CONDITIONAL COUPON NOTES (Reset & non-Reset Coupon Reference Level and Conditional Coupon Amount with step down feature, "best of" feature, the sum of conditional and annual, and switch between fixed and conditional Coupon Amount for different Observation Periods)

reference Level determination" in "Basket" above, without regard to any subsequently published correction (ii) in relation to any other Basket Constituent, the Specified Spot Price for such Basket Constituent;

**"Reference Source"** means the reference source or reference sources specified in the table under "Basket" below, or any successor to such reference source, all as determined by the Calculation Agent;

*[If the Coupon Reference Level is to be reset, insert:*

**"Reset Date"** means each of [●] ("**First Reset Date**"), [●] ("**Second Reset Date**"), [●] ("**[●] Reset Date**"), and [●] (the "**Final Reset Date**") or, if any such day is not a Trading Day, the next following Trading Day, unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Reset Date for each Basket Constituent not affected by a Market Disruption Event shall be the originally designated Reset Date and the Reset Date for each Basket Constituent affected (each an "**Affected Item**") by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Affected Item, unless there is a Market Disruption Event relating to the Affected Item occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been that Reset Date. In that case then (A) the fifth Trading Day shall be deemed to be that Reset Date for the Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for that Reset Date by determining the price or level of the Affected Item as of that fifth Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Affected Item and such other factors as the Calculation Agent considers relevant;]

**"Securities"** means up to [●] Conditional Coupon Notes relating to the Underlying 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 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 [●];

**"Specified Spot Price"** means: (i) in relation to a Basket Constituent that is a Disrupted Basket Constituent, as long as such Basket Constituent is not substituted with a Replacement Basket Constituent for which (ii) below applies, the last official reported price or level for such Basket Constituent on the relevant Reference Source (as determined by or on behalf of the Calculation Agent) immediately prior to the event which has caused the Basket Constituent to be a Disrupted Basket Constituent (as defined in Product Condition 4 below), without regard to any subsequently published correction, and (ii) in relation to a Basket Constituent that is a Replacement Basket Constituent or a New Basket Constituent (as defined in Product Condition 4 below), with respect to any Trading Day following the event which has caused the Basket Constituent to be a Disrupted Basket Constituent (as defined in Product Condition 4 below), an amount expressed in the currency of quotation of such Basket Constituent equal to the price

CONDITIONAL COUPON NOTES (Reset & non-Reset Coupon Reference Level and Conditional Coupon Amount with step down feature, "best of" feature, the sum of conditional and annual, and switch between fixed and conditional Coupon Amount for different Observation Periods)

or level of the Basket Constituent on that day determined in the manner as specified by the Calculation Agent when making the relevant substitution (as determined by or on behalf of the Calculation Agent), without regard to any subsequently published correction; and

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

*[If any Reference Source is an exchange or trading system insert 1:]*

- for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

*[If any Reference Source is not an exchange or trading system insert 2:]*

- for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

Terms with initial capital letters 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 Condi-

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<sup>1</sup> Insert both alternatives if applicable.

<sup>2</sup> Insert both alternatives if applicable.

CONDITIONAL COUPON NOTES (Reset & non-Reset Coupon Reference Level and Conditional Coupon Amount with step down feature, "best of" feature, the sum of conditional and annual, and switch between fixed and conditional Coupon Amount for different Observation Periods)

tions 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. Payments, Interest and Redemption**

[add standard template for notes]

### **4. Adjustment Provisions**

*Insert Product Condition 4 template for relevant Underlying*

### **5. Governing Law**

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

*[Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

CONDITIONAL COUPON NOTES (Reset & non-Reset Coupon Reference Level and Conditional Coupon Amount with step down feature, "best of" feature, the sum of conditional and annual, and switch between fixed and conditional Coupon Amount for different Observation Periods)

**INFORMATION RELATING TO THE UNDERLYING**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET  
CONDITIONAL COUPON NOTE (TYPE 2)**

This template is to be used in connection with the following types of Coupon structures:

- A: Variable Coupon Structure with Possible Reduction Feature*
  - B: Traditional Conditional Coupon Structure*
  - C: Conditional Coupon Structure with Step-down Coupon*
  - D: Conditional Coupon Structure with Double Barrier*
  - E: Worst Stockdownloader Conditional Coupon Structure*
  - F: Conditional Coupon Structure with Dual Stock Barrier*
  - G: Conditional Coupon Structure with Resettable Barrier*
  - H: Conditional Coupon Structure with Fixed Coupon in the First Reference Period*
  - I: Conditional Coupon Structure with Best-of Feature*
  - J: Variable Coupon Structure with Best-of Feature*
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*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

**"Affiliate"** means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **"control"** means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and **"controlled by"** and **"controls"** shall be construed accordingly;

**"Agent"** means, subject as provided in General Condition 5, Deutsche Bank AG, acting through [If Deutsche Bank AG London is Issuer insert: its branch office in London (Deutsche Bank AG London) (the **"Principal Agent"**) and through its principal office in Frankfurt am Main] [If Deutsche Bank AG Frankfurt is Issuer insert: its principal office in Frankfurt am Main (the **"Principal Agent"**) and through its branch office in London (Deutsche Bank AG London)], (each an **"Agent"** 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, [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business and, for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;

**"Calculation Agent"** means the Issuer, subject as provided in General Condition 5;

**"Clearing Agent"** means each of Euroclear Bank S.A./N.V. as operator of the Euroclear system and Clearstream Banking, société anonyme, 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 Agents);

[For Type A insert:

**"Coupon Amount"** means, in respect of a Coupon Payment Date:

[PLEASE CLARIFY STRUCTURE]]

For Type B, E or G insert:

**"Coupon Amount"** means, in respect of a Coupon Payment Date:

- (1) if the Reference Level of each Underlying is greater than its Coupon Reference Level on each Relevant Trading Day during the Reference Period ending immediately preceding such Coupon Payment Date, ●; or
- (2) otherwise, zero.]

[For Type C insert:

**"Coupon Amount"** means, in respect of a Coupon Payment Date:

- (1) if the Reference Level of each Underlying is greater than its Coupon Reference Level on each Relevant Trading Day during the Reference Period ending immediately preceding such Coupon Payment Date, ●; or

- 
- (2) if the Reference Level of one Underlying only (but for the avoidance of doubt, not more than one Underlying) is equal to or less than its Coupon Reference Level on any Relevant Trading Day during the Reference Period ending immediately preceding such Coupon Payment Date, ●; or
  - (3) otherwise, zero.]

**[For Type D insert:**

**"Coupon Amount"** means, in respect of a Coupon Payment Date:

- (1) if the Reference Level of each Underlying is greater than its First Coupon Reference Level on each Relevant Trading Day during the Reference Period ending immediately preceding such Coupon Payment Date, ●; or
- (2) if:
  - (i) the Reference Level of one or more Underlyings is equal to or less than its First Coupon Reference Level on any Relevant Trading Day during the Reference Period ending immediately preceding such Coupon Payment Date; and
  - (ii) the Reference Level of each Underlying is greater than its Second Coupon Reference Level on each Relevant Trading Day during the Reference Period ending immediately preceding such Coupon Payment Date, ●; or
- (3) otherwise, zero.

**[For Type F insert:**

**"Coupon Amount"** means, in respect of a Coupon Payment Date:

- (1) if the Reference Level of either (a) each Underlying or (b) each Underlying except one Underlying only (but, for the avoidance of doubt, not more than one Underlying) is greater than its Coupon Reference Level on each Relevant Trading Day during the Reference Period ending immediately preceding such Coupon Payment Date, ●; or
- (2) otherwise, zero.]

**[For Type H insert:**

**"Coupon Amount"** means:

- (1) in respect of the first Coupon Payment Date, ●; and
- (2) in respect of Coupon Payment Date thereafter:
  - (i) if the Reference Level of each Underlying is greater than its Coupon Reference Level on each Relevant Trading Day during the Reference Period ending immediately preceding such Coupon Payment Date, ●; or
  - (ii) otherwise, zero.]

**[For Type I insert:**

**"Coupon Amount"** means, in respect of a Coupon Payment Date:

- 
- (1) if the Reference Level of each Underlying is greater than its Coupon Reference Level on each Relevant Trading Day during the Reference Period ending immediately preceding such Coupon Payment Date , ●; or
- (2) otherwise, ●.]

**[For Type J insert:**

"**Coupon Amount**" means, in respect of a Coupon Payment Date:

**[PLEASE CLARIFY STRUCTURE]**

**[Add the following at the end of each Coupon Amount definition:**

A Coupon Amount (if any) is payable by the Issuer as consideration for the use of the nominal Amount in respect of a Security and as compensation in recognition that the Coupon Amount on any or all of the Coupon Payment Dates may be equal to [●/zero];]

"**Coupon Payment Date**" means [each of] [●], [●] and [●]; **[NB THIS PRESUMES FIXED DATES]**

**[For Types B, C, E, F, H and I insert:**

"**Coupon Reference Level**" means, in respect of an Underlying, subject to Product Condition 4, an amount equal to [70] per cent. of the Reference Level of such Underlying on the Initial Reference Valuation Date;]

**[For Type G insert:**

"**Coupon Reference Level**" means, in respect of an Underlying and a Reference Period, subject to Product Condition 4, an amount equal to [70] per cent. of (i) in respect of the first Reference Period, the Initial Reference Level of such Underlying and (ii) in respect of any subsequent Reference Period, the Reference Level of such Underlying on the Reference Period Date on which such Reference Period commences, all as determined by the Calculation Agent, Provided That if, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day, then the Reference Level for each Underlying not affected by a Market Disruption Event shall be determined on the originally designated date and the Reference Level for each Underlying affected (each an "**Affected Item**") by a Market Disruption Event shall be the first succeeding [Trading Day] on which there is no Market Disruption Event relating to that Affected Item, unless there is a Market Disruption Event relating to the Affected Item occurring on each of the [five] [Trading Days] immediately following the original date on which (but for the Market Disruption Event) the Reference Level for that Affected Item would have been determined. In that case (notwithstanding the Market Disruption Event) the Calculation Agent shall determine the Reference Level for the Affected Item on that [fifth] [Trading Day] by determining the price or level of the Affected Item as of that [fifth] [Trading Day] that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Affected Item and such other factor(s) as the Calculation Agent considers relevant;]

**[For Type D insert:**

"**First Coupon Reference Level**" means, in respect of an Underlying, subject to Product Condition 4, an amount equal to [70] per cent. of the Reference Level of such Underlying on the Initial Reference Valuation Date, all as determined by the Calculation Agent;]

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

"**Governing Law**" means [English/German] law;

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**"Initial Reference Level"** means, in respect of an Underlying, subject to Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level of such Underlying on the Initial Reference Valuation Date, as determined by the Calculation Agent;

**"Initial Reference 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 such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date for each Underlying not affected by a Market Disruption Event shall be the originally designated Initial Reference Valuation Date and the Initial Reference Valuation Date for each Underlying affected (each an **"Initially Affected Item"**) by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to that Initially Affected Item, unless there is a Market Disruption Event relating to the Initially Affected Item occurring on each of the [five] Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Initial Reference Valuation Date. In that case (A) the [fifth] Trading Day shall be deemed to be the Initial Reference Valuation Date for the Initially Affected Item (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for the Initially Affected Item for the Initial Reference Valuation Date by determining the price or level of the Initially Affected Item as of that [fifth] Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price of the Initially Affected Item and such other factor(s) as the Calculation Agent considers relevant;

**"Issue Date"** means [●];

**"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 [●];

**"Nominal Amount"** means [●];

**"Payment Day"** means any day which is (1) 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 (2) either (i) 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 (ii) 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;

**[For Type E insert:**

**"Performance Factor"** means, in relation an Underlying and a Reference Period Date and as calculated by the Calculation Agent, the quotient of:

- (1) the Reference Level for such Underlying on such Reference Period Date (as a numerator), and
- (2) (i) the Reference Level for such Underlying on the immediately preceding Reference Period Date or,  
(ii) if the immediately preceding Reference Period Date is the First Reference Period Date, the Initial Reference Level (as a denominator),

Provided That if, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such Reference Period Date on which a Reference Level is to be determined, then the Reference Level for each Underlying not affected by a Market Disruption Event shall be determined on the originally designated date and the Reference Level for each Underlying affected (each an **"Affected Item"**) by a Market Disruption Event shall be the first

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succeeding Trading Day on which there is no Market Disruption Event relating to that Affected Item, unless there is a Market Disruption Event relating to the Affected Item occurring on each of the [five] Trading Days immediately following the original date on which (but for the Market Disruption Event) the Reference Level for that Affected Item would have been determined. In that case (notwithstanding the Market Disruption Event) the Calculation Agent shall determine the Reference Level for the Affected Item on that [fifth] Trading Day by determining the price or level of the Affected Item as of that [fifth] Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions, the last reported, published or traded price or level of the Affected Item and such other factor(s) as the Calculation Agent considers relevant;]

**["Primary Market End Date"** means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

**"Redemption Cash Amount"** means [the Nominal Amount]/[●] and any reference herein to "principal" shall be deemed to include the Redemption Cash Amount;

**"Reference Currency"** means, in relation to an Underlying, the currency in which the Underlying is denominated or quoted or with which it is most closely connected, as determined by the Calculation Agent;

**"Reference Level"** means, in respect of any day and an Underlying, subject to Product Condition 4 and, if applicable, the definition of "Coupon Reference Level", "Initial Reference Valuation Date" and "Performance Factor" above, an amount (which shall be deemed to be a monetary value in the relevant Reference Currency) equal to the [●] [price] [level] of the Underlying [quoted by the Reference Source] [●] at [the official close of [trading/business]/other time] on such day [●] without regard to any subsequently published correction, rounded to the nearest 0.05 in the relevant Reference Currency, 0.05 being rounded upwards (or rounded to the nearest unit if the Reference Currency is Japanese Yen) all as determined by the Calculation Agent;

**"Reference Period"** means [(i)] the period from and including [the First Reference Period Date] to but excluding the immediately following Reference Period Date [and (ii) each subsequent period from and including a Reference Period Date to but excluding the next succeeding Reference Period Date];

**"Reference Period Date"** means (i) the [date falling ● Trading Days before the] Issue Date (the **"First Reference Period Date"**) and (ii) each subsequent date falling ● Trading Days before a Coupon Payment Date;

**"Reference Source"** means, in relation to an Underlying, the reference source or reference sources specified in the table under the definition of "Underlying" below in relation to such Underlying, or any successor to such reference source acceptable to and all as determined by the Calculation Agent;

**"Relevant Trading Day"** means, in relation to an Underlying, any Trading Day [other than a Trading Day on which the Calculation Agent determines that a Market Disruption Event occurs in relation to such Underlying];

**[For Type D insert:**

**"Second Coupon Reference Level"** means, in respect of an Underlying, subject to Product Condition 4, an amount equal to [60] per cent. of the Reference Level of such Underlying on the Initial Reference Valuation Date, all as determined by the Calculation Agent;]

**"Securities"** means the [●][●] Notes relating to the Underlying 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, 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 in respect of such Security;

**"Settlement Currency"** means [●] ("[●]");

["Trading Day" means any day on which [each] **[PLEASE CONFIRM: REQUIRING ALL REFERENCE SOURCES TO BE OPEN WOULD LIMIT THE NUMBER OF TRADING DAYS IN A REFERENCE PERIOD]** Reference Source is open for trading (or would have been open for trading but for the occurrence of a Market Disruption Event), notwithstanding the Reference Source closing prior to its Scheduled Closing Time (as defined in Product Condition 4);] and

"Underlying" means [[the/each [index] [share] of the Sponsor or Issuer and with the Reference Source set out in the table below subject to adjustment in accordance with Product Condition 4] **[for Type E, insert:]** and Provided That on each Reference Period Date other than the First Reference Period Date (with effect from and including such Reference Period Date) the Underlying with the lowest Performance Factor (or if equal lowest **[WHICH UNDERLYING?]**) in relation to such Reference Period Date shall cease to be an Underlying [Provided Further That there shall never be less than one Underlying]]:

| Type of Underlying | Name of Underlying            | Sponsor or Issuer of Underlying | Reference Source           |
|--------------------|-------------------------------|---------------------------------|----------------------------|
| [Index]            | [EuroLeader]                  | [Deutsche Bank AG]              |                            |
| [Index]            | [DAX]                         | [Deutsche Börse AG]             | [Frankfurt Stock Exchange] |
| [Share]            | [Ordinary Share/Common stock] |                                 |                            |

**[Note that Underlyings should be all shares or all indices]**

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 the Governing Law (as specified in Product Condition 1) 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 in the Conditions shall be construed accordingly) for all purposes other than with respect to the payment of principal and Coupon Amounts 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 the Governing Law (as specified in Product Condition 1) is German law, the terms "**Securityholder**" and "**holder of Securities**" and related expressions in the Conditions shall 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

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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. Coupon Amounts, 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 Redemption Cash Amount, such redemption to occur, subject as provided below, on the Maturity Date.

#### *3.2. Coupon Amount*

On [each/ the] Coupon Payment Date, the Issuer shall pay, in respect of each Security, the relevant Coupon Amount (if any).

**For the avoidance of doubt, in the event that the Coupon Amount in relation to [a the] Coupon Payment Date is zero, no amount shall be payable by the Issuer in respect of such Coupon Payment Date.**

#### *3.3. Accrual of Interest*

No interest shall accrue in respect of any Security whether by reason of late payment of any Coupon Amount or otherwise. Any reference in these Conditions to the payment of interest shall be deemed not to apply.

#### *3.4. Method of payment*

Subject as provided below, payments of principal and any Coupon 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.

#### *3.5. Presentation*

Payments of principal and any Coupon Amount 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, if the Issuer has no further obligations to make any payment in respect of the Securities, 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 a Coupon Amount, 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 Global Security shall be the only person entitled to receive payments of principal and/or any Coupon 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.]



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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 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 Coupon 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 any Underlying.

3.8. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and where any amount in respect of a Security is payable, payment shall be made only after deduction of all Securityholder Expenses to the satisfaction of the Issuer.

3.9. *Redemption and Payment Risk*

Redemption of, and any payment in respect of, the Securities is subject to all applicable laws, regulations and practices in force on the Maturity Date or relevant payment day, 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**

**[INSERT RELEVANT TEMPLATE FOR SHARES OR INDICES, WITH THE FOLLOWING CHANGES:**

**[FOR SHARES TEMPLATE:**

**(1) Delete 4.1.4 as far as the end of 4.1.4.3 and replace as follows:**

**4.1.4 *Merger Event, Tender Offer, De-Listing, Nationalisation and Insolvency***

If a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency occurs in relation to a relevant Share (such Share, a “**Disrupted Share**”), then:

**4.1.4.1** in the case of a Share-for-Share Merger Event, Share-for-Share Tender Offer, Share-for-Combined Merger Event or Share-for-Combined Tender Offer where the relevant New Shares are not already an Underlying, the Calculation Agent shall replace the Disrupted Share with such New Shares on the relevant Replacement Date; or

**4.1.4.2** in the case of (i) any Merger Event or Tender Offer other than as described in 4.1.4.1 above or (ii) any De-Listing, Nationalisation or Insolvency, the Calculation Agent shall replace the Disrupted Share with a Replacement Share on the relevant Replacement Date,

all as described below.

**4.1.4.2** With effect from and including the relevant Replacement Date:



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- (i) the New Share or Replacement Share and its issuer will be deemed to be a "Share" and a "Share Company", respectively, and to replace the Disrupted Share and its issuer;
- (ii) the Calculation Agent will calculate the Initial Reference Level and/or Coupon Reference Level and/or First Coupon Reference Level and/or Second Coupon Reference Level for the Replacement Share or New Share in accordance with and as set out in the definitions of such terms in Product Condition 1 (but for this purpose as though (a) the relevant date on which such values are determined (as specified in the definitions of such terms in Product Condition 1) was the Replacement Date but, if applicable, subject to adjustment as specified in the relevant definition and (b) references in the definitions of such terms to "Underlying" referred to the Replacement Share or New Share, as the case may be) and the resulting amount shall be multiplied by the quotient of x and y, where:
- "x" is the fair market value of the Disrupted Share on the Replacement Date determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it may deem applicable; and
- "y" is the [Initial Reference Level] of the Disrupted Share as determined by the Calculation Agent, and
- (iii) the Calculation Agent shall determine the relevant Reference Source for such Replacement Share or New Share for the purposes of the definition of "Underlying" in Product Condition 1 and make such other adjustments to the Conditions as may be necessary to take account of the removal of the Disrupted Share and the addition of the New Share or Replacement Share.

(2) Add the following definitions to those in the final section of 4.1.4:

**"Combined Consideration"** means New Shares in combination with Other Consideration;

**"Industry Sector"** means, in respect of any share, the industry sector allocated to such share by MSCI, as determined by the Calculation Agent [or if no industry sector is allocated to such share by MSCI or if the Calculation Agent determines the industry sector allocated to such share by MSCI to be appropriate, such other industry sector as the Calculation Agent may deem to be appropriate];

**"MSCI"** means the Morgan Stanley Capital Index or any successor index thereto **[WHAT IF NO REPLACEMENT?]**;

**"New Shares"** means ordinary or common shares, whether of the entity or person (other than the Share Company) involved in the Merger Event or the making of the Tender Offer or a third party, that are, or that as of the Merger Date or Tender Offer Date are promptly scheduled to be, (i) publicly quoted, traded or listed on an exchange or quotation system acceptable to the Calculation Agent and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations;

**"Other Consideration"** means cash and/or any securities (other than New Shares) or assets (whether those of the offeror or of a third party);

**"Region"** means, [in respect of any share, the geographical region (e.g. Europe or North America) in which the issuer of such share is incorporated or, if different, in which it principally conducts its operations, all as determined by the Calculation Agent;]

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**“Replacement Date”** means, in relation to a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, such date as the Calculation Agent shall select in its sole and absolute discretion falling on or after the relevant Merger Date, Tender Offer Date or date on which such De-Listing, Nationalisation or Insolvency occurs, all as determined by the Calculation Agent in its sole and absolute discretion;

**“Replacement Share”** means, in relation to a Disrupted Share, an ordinary share or common share with the highest [WHAT IF EQUAL HIGHEST?] free float capitalisation (as announced by MSCI or, if not so announced, as determined by the Calculation Agent in a [comparable] manner to MSCI) in the same Industry Sector and the same Region as such Disrupted Share, in each case as of the Replacement Date, all as determined by the Calculation Agent;

**“Share-for-Combined”** means, in respect of a Merger Event or Tender Offer, that the consideration for the relevant Shares consists of Combined Consideration and "Share-for-Combined Merger Event" and "Share-for-Combined Tender Offer" shall be construed accordingly;

**“Share-for-Share”** means, (i) in respect of a Merger Event or Tender Offer, that the consideration for the relevant Shares consists (or, at the option of the holder of such Shares, [will] consist) solely of New Shares, and (ii) a Reverse Merger and "Share-for-Share Merger Event" and "Share-for-Share Tender Offer" shall be construed accordingly;

**“Tender Offer Date”** means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).]

**[FOR INDEX TEMPLATE:**

(1) Delete from the end of 4.1.3.2.1 to the end of the Product Condition 4 Index template and replace such deleted section as follows:

then the Calculation Agent shall replace that Index (the **“Disrupted Index”**) on the relevant Replacement Date with an index (the **“Replacement Index”**) [with the same nature and geographical coverage] as the Disrupted Index, all as determined by the Calculation Agent in its sole and absolute discretion.

With effect from and including the relevant Replacement Date:

- (i) the Replacement Index will be deemed to replace the Disrupted Share as an Underlying for the purposes of Product Condition 1;
- (ii) the Calculation Agent will calculate the Initial Reference Level and/or Coupon Reference Level and/or First Coupon Reference Level and Second Coupon Reference Level for the Replacement Index (a) in accordance with the definitions of such terms in Product Condition 1 (but for this purpose as though (a) the relevant date on which such values are determined (as specified in the definitions of such terms in Product Condition 1) was the Replacement Date but, if applicable, subject to adjustment as specified in the relevant definition and (b) references in the definitions of such terms to "Underlying" referred to the Replacement Index) and the resulting amount shall be multiplied by the quotient of x and y, where:

**“x”** is [the level of the Disrupted Index which the Calculation Agent determines in its sole and absolute discretion would have prevailed on the Replacement Date but for the occurrence of the relevant Index Modification, Index Cancellation or Index Disruption having regard to the then prevailing market conditions, the last reported, published or

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traded price of the Disrupted Index and, if applicable, of each asset included in the Disrupted Index and such other factor(s) as the Calculation Agent considers relevant]; and

“y” is the [Initial Reference Level] of the Disrupted Index as determined by the Calculation Agent, and

- (iii) the Calculation Agent shall determine the relevant Reference Source for such Replacement Index for the purposes of the definition of “Underlying” in Product Condition 1 and make such other adjustments to the Conditions as may be necessary to take account of the Replacement Index.

As used herein "**Replacement Date**" means such date as the Calculation Agent shall select in its sole and absolute discretion falling on or after the date on which the relevant Index Modification, Index Cancellation or Index Disruption occurs, all as determined by the Calculation Agent in its sole and absolute discretion.

## **5. Governing Law and Language**

The Securities are governed by and shall be construed in accordance with the Governing Law (as specified in Product Condition 1). No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

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**INFORMATION RELATING TO THE UNDERLYING**

**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**SINGLE UNDERLYING LINKED CPR NOTE**  
**(Cliquet Periodic Return)**



*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

**"Affiliate"** means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **"control"** means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and **"controlled by"** and **"controls"** shall be construed accordingly;

**"Agent"** means, subject to the provisions of General Condition 5, Deutsche Bank AG, acting through [If Deutsche Bank AG London is Issuer insert: its branch office in London (Deutsche Bank AG London) (the **"Principal Agent"**) and through its principal office in Frankfurt am Main] [If Deutsche Bank AG Frankfurt is Issuer insert: its principal office in Frankfurt am Main (the **"Principal Agent"**) and through its branch office in London (Deutsche Bank AG London)], (each an **"Agent"** 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], [Frankfurt am Main] [and [●]] and a day on which each Clearing Agent is open for business [and for the purpose of making payments in euro any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open] [●];

**"Calculation Agent"** means the Issuer, subject as provided in General Condition 5;

**"Clearing Agent"** means [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent);

**"Coupon Amount"** means, in relation to a Coupon Payment Date and each Security, the product of

(1) [currency][amount] and

(2) the greater of (a) and (b)

where

(a) equals [●] per cent. (b) equals

(1) in the case of the First Coupon Payment Date, the sum of the Index Returns for each of the First Year Valuation Dates and,

(2) in the case of the Second Coupon Payment Date, the sum of the Index Returns for each of the Second Year Valuation Dates,

(3) in the case of the [●] Coupon Payment Date, the sum of the Index Returns for each of the [●] Year Valuation Dates,

In each case without regard to any subsequently published correction. The Coupon Amount is payable by the Issuer as consideration for the use of the Nominal Amount in respect of a Security and as compensation in recognition that the Coupon Amount on either or both of the Coupon Payment Dates may be no greater than EUR 2;

“**Coupon Payment Date**” means each of (a) [●] (the “**First Coupon Payment Date**”) or, if later, the [●] Business Day following the date that the last First Year Valuation Date occurs and (b) [●] (the “**Second Coupon Payment Date**”) or, if later, the [●] Business Day following the date that the last Second Year Valuation Date occurs and (c) [●] (the “[●] **Coupon Payment Date**”) or, if later, the [●] Business Day following the date that the last [●] Year Valuation Date occurs;

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

“**Index Return**” means, in relation to a Valuation Date (the “**Relevant Valuation Date**”), a percentage (which may be positive, negative or zero) calculated by the Calculation Agent in accordance with the following formula:

$$\frac{(A-B)}{B}$$

Where:

"A" is the Reference Level on the Relevant Valuation Date; and

"B" is the Reference Level on the Valuation Date immediately preceding the Relevant Valuation Date,

PROVIDED THAT the Index Return shall be no greater than [●] per cent. and no less than minus [●] per cent. and PROVIDED FURTHER THAT IF A and B are equal, the Index Return shall be zero;

**Insert if needed**

“**Issue Date**” means [●];

“**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] [last occurring Valuation Date] [●]<sup>1</sup>;

“**Nominal Amount**” means [●][●];

“**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;

“**Primary Market End Date**” means [●] or, if such day is not a Business Day, the first succeeding Business Day;

“**Redemption Cash Amount**” means [●][●] and any reference herein to “principal” shall be deemed to include the Redemption Cash Amount;

<sup>1</sup> Provided that either the Maturity and Valuation Date is an actual date. These definitions cannot be “circular”.



**“Reference Level”** means, in respect of any day, subject to Product Condition 4 and “Valuation Date” below, an amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to the level of the Underlying quoted by the Reference Source at [the official close of trading on the Reference Source] on such day, all as determined by the Calculation Agent;

**“Reference Source”** means, in relation to an Underlying, the reference source or reference sources specified in the table under the definition of “Underlying” below in relation to the Underlying, or any successor to such reference source(s) acceptable to the Issuer, all as determined by the Calculation Agent;

**“Securities”** means up to [●][●] CPR Notes relating to the Underlying 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, transaction charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with any payment and/or delivery due in respect of such Security;

**“Settlement Currency”** means [●];

**“Trading Day”** means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

*If any Reference Source is an exchange or trading system insert 2:*

- for any Reference Source which is an exchange, a trading system or a quotation system, any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

*If any Reference Source is not an exchange or trading system insert 3:*

- for any Reference Source which is not an exchange, a trading system or a quotation system,, [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

**“Underlying”** means the index with the Sponsor or Provider and with the Reference Source set out in the table below, subject to adjustment in accordance with Product Condition 4:

| Type of Underlying | Name of Underlying | Sponsor or Provider of Underlying | Reference Source |
|--------------------|--------------------|-----------------------------------|------------------|
|                    |                    |                                   |                  |

**“Valuation Date”** means each of (a) [●], (b) [●], [●] and [●], (c) [●], (d) [●], [●] and [●] (the dates in “(b)” together the **“First Year Valuation Dates”** and the dates in “(d)” together the **“Second Year Valuation Dates”**) [[●] (the dates in “([●])” together the **“[●]Year Valuation Dates”** PROVIDED THAT, if any such day is not a Trading Day, then that Valuation Date shall be the next following Trading Day unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any

<sup>2</sup> Insert both alternatives if applicable

<sup>3</sup> Insert both alternatives if applicable

such day. If there is a Market Disruption Event on any such day, then that 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 that Valuation Date. In that case then (A) the [fifth] Trading Day shall be deemed to be that Valuation Date (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that [fifth] Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying, 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 will be represented by a single permanent global security in bearer form for German law purposes (the “**Global Security**”), and no definitive Securities will be issued. The Global Security will be deposited with Clearstream Banking AG [●] and will be kept in custody for financial institutions that are accountholders of Clearstream Banking AG, including those holding Securities through DTC, Euroclear or Clearstream Banking S.A., if any. The Issuer has appointed Clearstream Banking AG to act as book-entry registrar for the Securities (in such capacity, the “**Book-Entry Registrar**”), acting at all times in accordance with the Book-Entry Registration Agreement between the Issuer and Clearstream Banking AG, dated [●], 2002. The Issuer has agreed to maintain a register showing the aggregate number of Securities represented by the Global Security and the name of the Book-Entry Registrar, and Clearstream Banking AG has agreed, as agent of the Issuer, to maintain records of the Securities credited to the accounts of the accountholders of Clearstream Banking AG for the benefit of the holders of the co-ownership interests in the Securities represented by the Global Security, and the Issuer and Clearstream Banking AG have agreed, for the benefit of the holders of co-ownership interests in the Securities, that the actual number of Securities from time to time shall be evidenced by the records of the Book-Entry Registrar.

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 the Governing Law (as specified in Product Condition 5) 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 in the Conditions shall be construed accordingly) for all purposes other than with respect to the payment of principal and Coupon Amounts 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 the Governing Law (as specified in Product Condition 5) is German law, the terms “**Securityholder**” and “**holder of Securities**” and related expressions in the Conditions shall 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. Coupon Amounts, 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 Redemption Cash Amount, such redemption to occur, subject as provided below, on the Maturity Date.

#### *3.2 Coupon Amount*

On each Coupon Payment Date, the Issuer shall pay, in respect of each Security, the Coupon Amount.

#### *3.3 Method of payment*

Subject as provided below, payments of principal and any Coupon 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 principal and any Coupon 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, if the Issuer has no further obligations to make any payment in respect of the Securities, 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 a Coupon Amount, 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 any Coupon 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 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 Coupon 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 any Underlying.

### 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 where any amount in respect of a Security is payable, payment shall be made only after deduction of all Securityholder Expenses to the satisfaction of the Issuer.

### 3.8 *Redemption and Payment Risk*

Redemption of, and any payment in respect of, the Securities is subject to all applicable laws, regulations and practices in force on the Maturity Date or relevant payment day, 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**

*Insert Product Condition 4 template for relevant Underlying*

## 5. **Governing Law and Language**

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

*Where the Securities are governed by English law, insert:*

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

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**INFORMATION RELATING TO THE UNDERLYING**

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**SECTION I: PRODUCT INFORMATION**

**PRODUCT CONDITIONS**

**INFORMATION RELATING TO THE UNDERLYING ASSET**

**SINGLE UNDERLYING LINKED EXCHANGEABLE NOTE**

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*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

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject to the provisions of 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, for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and (ii) in relation to delivery of the Share Amount, [a day on which the Physical Delivery Clearing System is open for business] [specify other physical delivery method];

"**Calculation Agent**" means the Issuer, subject to the provisions of General Condition 5;

"**Cash Amount**" means [an amount of the Settlement Currency equal to the product of (A) and (B) where: (A) means [the average of the daily volume weighted average price] of the Shares on [each of the [●] Trading Days following [date]] as determined by the Issuer in its sole discretion by reference to such sources as it deems appropriate] and (B) means the Nominal Amount,

[provided that, if the Issuer is unable, in its sole discretion, to obtain the [daily volume weighted average price] of the Shares on [each/any] of [●] Trading Days following [date] by the day falling [●] days following [date], the Issuer shall calculate the Cash Amount by reference to such sources as it deems appropriate];

"**Clearing Agent**" means [●], Clearstream Banking AG in Frankfurt am Main, Germany, 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 will include any depositary holding the Global Security on behalf of the Clearing Agent(s));

"**Cut-off Time**" means [●] [a.m./p.m.];

"**Delivery Details**" means [the account details of the Securityholder's securities account with [●] (the "**Physical Delivery Clearing System**") for delivery of the

Share Amount as specified in the relevant Delivery Notice] [*specify other relevant details for physical delivery method*];

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

“**Disruption Cash Settlement Price**” in respect of each Security shall be the fair market value of such amount of the Shares comprising the Share Amount which the Issuer is unable to deliver in respect 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 Date**” means any Business Day during the Initial Exchange Period or the Final Exchange Period, as the case may be, on which a Delivery Notice has been delivered to the relevant Clearing Agent and copied to the Principal Agent, in each case no later than the Cut-off Time in the place of receipt, subject to Product Condition 3.10, all as determined by the Principal Agent;

“**Exchange Period**” means the Initial Exchange Period and the Final Exchange Period;

“**Exchange Right**” means the right of a Securityholder to request the exchange of a Security for, at the option of the Issuer, either (i) an amount of the Underlying equal to the Share Amount or (ii) the Cash Amount;

[“**Exclusion Period**” means the periods during which the Exchange Right may not be exercised as specified in Product Condition 3.2.2;]

“**Final Exchange Period**” means the period from and including [●] to and including [●], subject to any Exclusion Period];

“**Fraction Cash Amount**” means an amount in the Settlement Currency equal to the product of the relevant fraction and [the market value of the Share on [the Exchange Date]] as determined by the Issuer in its sole discretion by reference to such sources as it deems appropriate;

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

“**Initial Exchange Period**” means the period from and including [●] to and including [●], subject to any Exclusion Period];

“**Issue Date**” means [●];

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

“**Maturity Date**” means [●];

“**Nominal Amount**” means [*currency*] [*amount*];

“**Notice Period**” means [●];

“**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:

$$(\text{Nominal Amount} \times [100\%])$$

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;

**"Reference Source"** means the reference source or reference sources specified in the table under the definition of "Underlying" below, or any successor to such reference source, all as determined by the Calculation Agent;

**"Securities"** means the [up to] [quantity] notes exchangeable into the Underlying represented by the Global Security and each a **"Security"**. References to a **"Security"** shall be to [●] in nominal amount of the Securities;

**"Securityholder"** and **"holder of Securities"** have the meanings specified in Product Condition 2;

**"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 Date"** means, in relation to an Exchange Date, (i) in the event that the Securities are to be exchanged for the Share Amount, the day falling [●] Business Days after the Exchange Date and (ii) in the event that the Securities are to be exchanged for the Cash Amount, the day falling as soon as practicable after [the [●] [Trading Day] following [date] and in any event not later than [●] Business Days after such [●] [Trading Day].;

**"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 all or any of the Shares comprising the Share Amount in accordance with Product Conditions 3.2, 3.8 and 3.12;

**"Share"** means the share specified in the definition of "Underlying" below;

**"Share Amount"** means, in relation to each Nominal Amount and the Initial Exchange Period, [●] Shares, and in relation to the each Nominal Amount and Final Exchange Period, [●] 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 further that the aggregate Share Amounts, in respect of the same Securityholder will be rounded down to the nearest whole Share. Fractions of Shares will not be delivered on exchange but in lieu thereof the Issuer will pay the Fraction Cash Amount to the relevant Securityholder;

**["Trading Day"** means a day on which the Reference Source is open for business;] and

“**Underlying**” means the following share:

| Type of Underlying | Name of Underlying                             | Sponsor or Issuer of Underlying | Reference Source |
|--------------------|--|---------------------------------|------------------|
| [Share]            | [Ordinary Share/common stock & ISIN Code etc.] | [ ]                             | [ ]              |

Terms with initial capital letters 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 [a depository on behalf of] 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. Redemption, Exchange and Payments

### 3.1. *Redemption at Maturity*

Unless previously redeemed, exchanged 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, by payment of the Redemption Cash Amount, such redemption to occur, subject as provided below, on the Maturity Date.

3.2. *Exchange Rights*

[3.2.1] Each Security is exchangeable by due exercise by the relevant Securityholder of the Exchange Right as provided herein at any time during the Exchange Period.

Upon due exercise of the Exchange Right, the exercising Securityholder shall be entitled to receive in respect of each Nominal Amount, at the sole option of the Issuer, either:

- (i) delivery of the Share Amount; or
- (ii) payment of the Cash Amount,

such delivery or payment, as the case may be, to occur on the relevant Settlement Date.

The Issuer will give notice to the exercising Securityholder in accordance with General Condition 4 not less than the Notice Period prior to the relevant Settlement Date stating whether the Securityholder is, subject as provided herein, to receive the Share Amount or the Cash Amount provided that, if the Issuer fails to give such notice, it shall be deemed to have elected to exchange the relevant Securities by delivery of the Share Amount.

The Issuer may elect, in respect of [the Securities the subject of the Delivery Notice/each Security] to deliver the Share Amount or pay the Cash Amount in accordance with this Product Condition 3.2.1 on a case by case basis in its sole discretion in respect of the exercise of any Exchange Right by a Securityholder.

[3.2.2 *Exclusion Period*

The exercise of the Exchange Right shall be excluded during an Exclusion Period, provided that the exercise of the Exchange Right shall not be excluded during the last [●] Business Days of the Final Exchange Period.

“**Exclusion Period**” shall mean:

- (i) a period commencing on the date on which the issuer of the Underlying announces the grant of subscription rights in relation to shares, bonds or other securities in accordance with its articles of association, and ending on the last day of the subscription period (both days inclusive); and
- (ii) in connection with any shareholders’ meeting of the issuer of the Underlying, a period commencing [●] Business Days prior to the expiry of the registration period set by the issuer of the Underlying to participate in such shareholders’ meeting and ending on the [●] Business Day following such shareholders’ meeting (both days inclusive).

Any determination as to whether any day falls within an Exclusion Period shall be at the sole discretion of the Calculation Agent and any such determination shall be conclusive and binding on the Issuer and the Securityholders.]

3.3. *Interest*

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

3.4. *Method of payment*

Subject as provided below, any amounts to be paid to the Securityholders 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 any Redemption Cash Amount will be made in the manner provided in Product Condition 3.6 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 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 any 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.

3.6. *Payment Day*

If the date for payment of any Redemption Cash 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.

3.7. *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 Share Amount, Cash Amount, Fraction Cash Amount, Redemption Cash Amount or Disruption Cash Settlement Price, as applicable.

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**

The Exchange Right may only be exercised by delivery of a duly completed Delivery Notice (a "**Delivery Notice**") to the relevant Clearing Agent and copied to the Principal Agent.

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 are 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 relevant Settlement Date such account with such Securities;
- (4) specify the number of the account at the Clearing Agent to be credited with any Cash Amount, Fraction Cash Amount, Disruption Cash Settlement Price and any dividends payable pursuant to Product Condition 3.16 ;
- (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; and
- (7) authorise the production of such notice in any applicable administrative or legal proceedings.

**3.9. 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.

**3.10. Determinations**

If a Delivery Notice is delivered to the relevant Clearing Agent or the copy is delivered to the Principal Agent, in each case on a day which is not a Business Day or after the Cut-off Time in the place of receipt in the sole determination of the Principal Agent, then the Delivery Notice shall be deemed to be delivered on the next following Business Day.

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 the 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 all reasonable endeavours 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.

**3.11. *Delivery of a Delivery Notice***

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

**3.12. *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:

- (a) where a Physical Delivery Clearing System is specified in the definition of Delivery Details, be delivered to the securities account with the Clearing System specified by the relevant Securityholder in the relevant Delivery Notice; or
- (b) where a Physical Delivery Clearing System is not specified in the definition of Delivery Details, be delivered in the manner set out in such definition,

PROVIDED THAT in the case of (a) and (b) where the Issuer determines in its sole discretion that delivery of any Shares comprising the Share Amount in accordance with (a) or (b), as the case may be, is impractical, illegal or unduly onerous to the Issuer, then the Issuer shall have the option to deliver the relevant Shares in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery and shall notify to the Securityholders in accordance with General Condition 4. The Share Amount shall be evidenced in such manner as the Issuer determines to be customary for the relevant Shares. The Issuer shall be under no obligation to register or procure the registration of any Securityholder or any other person as the registered holder in respect of the Shares comprising the Share Amount in any register of holders of such Shares, including, but not limited to, a register of members of a share company.

**3.13. *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, Cash Amount, Fraction Cash Amount or Disruption Cash Settlement Price 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.

**3.14. 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 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 all or any of the Shares comprising the 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 in respect of a Security in the event of any delay in the delivery of any Share Amount due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

**3.15. Intervening Period**

If a Security is to be exchanged and the Issuer has elected to deliver the Share Amount, for such period of time after the relevant Settlement Date as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the 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.

**3.16. Dividends**

Any dividend or other similar amount in respect of any Shares comprising the Share Amount to be delivered will be payable to the party that would receive such dividend or other amount according to market practice for a

sale of the relevant Shares executed on the relevant Settlement Date and to be delivered in the same manner as such Shares. Any such dividend or other amount to be paid to a Securityholder shall be paid to the account specified in the relevant Delivery Notice.

*3.17. Redemption and Exchange Risk*

Redemption of the Securities or exercise of the Exchange Rights in respect of the Securities (whether the Issuer elects to exchange such Securities by payment of the Cash Amount or by delivery of the Share Amount) is subject to all applicable laws, regulations and practices in force on the Maturity Date or the relevant 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.

**INFORMATION RELATING TO THE UNDERLYING**



Type: European

Exercise: Automatic

### **3. Exercise Rights and Exercise Procedure**

#### **3.1. Exercise**

Each Security will be exercised automatically on the Exercise Date and the provisions of Product Condition 3.2 shall apply. The expressions “exercise”, “due exercise” and related expressions shall be construed to apply to any Securities which are automatically exercised on the Exercise Date in accordance with this provision. The Securityholder will not be required to complete an Exercise Notice

#### **3.2. Settlement**

Each Security entitles its holder to receive from the Issuer, on the Settlement Date

3.2.1. if and to the extent Settlement means Physical Settlement, the Physical Settlement Amount subject to payment of [insert for warrants: the Strike, if any, and] any Securityholder Expenses on or prior to the Settlement Date,

3.2.2. if and to the extent Settlement means Cash Settlement, the Cash Settlement Amount less any Securityholder Expenses.

***If the issuer has the right to select either Cash Settlement or Physical Settlement insert:***

The Issuer will give notice to the Securityholders in accordance with General Condition 4 not less than the Notice Period prior to the Settlement Date stating whether Cash Settlement and/or Physical Settlement applies, provided that if the Issuer fails to give such notice the Securities shall be redeemed by payment of the Cash Settlement Amount in accordance with 3.2.2 above.]

***Where Product Condition 5 specifies that the governing law of the Securities is English law, insert***

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

#### **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 Physical Settlement Amount, Cash Settlement Amount or Disruption Cash Settlement Price.

Where the Physical Settlement Units are shares, 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 such shares.

### 3.4. *Exercise Notice*

Securities may only be exercised by the delivery of a duly completed Exercise Notice 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:

- (1) specify the number of Securities being exercised;
- (2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- (3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (4) in the case of Physical 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, if any, in respect of such Securities (together with any other amounts payable);
- (5) specify the number of the account with the Clearing Agent to be credited with (i) any Cash Settlement Amount less any Securityholder Expenses in the case of Cash Settlement or (ii) any Disruption Cash Settlement Amount and any dividends payable pursuant to Product Condition 3.● in the case of Physical Settlement less any Securityholder Expenses;
- (6) authorise the production of such notice in any applicable administrative or legal proceedings;
- (7) 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 in the case of Cash Settlement and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
- (8) include the Delivery Details in the case of Physical Settlement;

***[If the Securityholder has the right to select Physical Settlement instead of Cash Settlement insert:***

The Securityholder may also specify in the Exercise Notice that Physical Settlement instead of Cash Settlement shall apply.

### 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 Details*

3.6.1. If Cash Settlement applies and if the Security has been duly exercised by delivery of an Exercise Notice, the Cash Settlement Amount shall be paid to the account specified in the relevant Exercise Notice.

If Cash Settlement applies and if the Security has not been duly exercised by delivery of an Exercise Notice, the Cash Settlement Amount shall be transferred to the relevant Clearing Agent for distribution to the Securityholders.

3.6.2. If Physical Settlement applies, the delivery of the Physical Settlement Amount shall be made at the risk of the relevant Securityholder and shall:

- (a) where a Clearing System is specified in the definition of Delivery Details and where the Security has been duly exercised by delivery of

an Exercise Notice, be delivered to the securities account with the Clearing System specified by the relevant Securityholder in the relevant Exercise Notice; or

- (b) where a Clearing System is specified in the definition of Delivery Details and where the Security has not been duly exercised by delivery of an Exercise Notice, be transferred to the Clearing System for delivery to the relevant Securityholder; or
- (c) where a Clearing System is not specified in the definition of Delivery Details, be delivered in the manner set out in such definition,

PROVIDED THAT in the case of (a) and (b) where the Issuer determines in its sole discretion that delivery of all or any of the Physical Settlement Units in accordance with (a) or (b), as the case may be, is impractical, illegal or unduly onerous to the Issuer, then the Issuer shall have the option to deliver the relevant Physical Settlement Units in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery and shall notify to the Securityholders in accordance with General Condition 4. The Physical Settlement Amount shall be evidenced in such manner as the Issuer determines to be customary for the relevant Physical Settlement Units. The Issuer shall be under no obligation to register or procure the registration of any Securityholder or any other person as the registered holder in respect of the Physical Settlement Units in any register of holders of such Units, including, but not limited to, a register of members of a 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 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 the Principal Agent.

The Principal Agent shall use all reasonable endeavours 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 the Principal 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 Physical Settlement 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 and to the extent Physical Settlement applies and prior to delivery of a Physical Settlement Unit in respect thereof, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Settlement Date for such Unit shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of all or any of the Physical Settlement Units 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 Physical Settlement Unit 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 Physical 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 Physical Settlement Units (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 Units 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 Units, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such assets during the Intervening Period or (iii) be under any liability to the relevant Securityholder or any subsequent beneficial owner of such Units 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 Units during such Intervening Period.

**3.12. Dividends**

Where the Physical Delivery Units are shares, any dividend or other similar amount in respect of any such Physical Settlement Unit to be delivered will be payable to the party that would receive such dividend or other amount according to market practice for a sale of the relevant Unit executed on the Exercise Date and to be delivered in the same manner as such Physical Settlement Unit. Any such dividend or other amount 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



### Clause 3 Warrants & Certificates Cash&Phys, European Type, Automatic Exercise

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.

Type: Non-European (i.e. American & Bermudan)

Exercise: Automatic

### **3. Exercise Rights and Exercise Procedure**

#### **3.1. Exercise**

The Securities are exercisable on any Exercise Date. Any Security with respect to which an Exercise Notice has been delivered after 10.00 a.m. Central European Time on any day shall be deemed to have been exercised on the next following Exercise Date, if any. 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 am Central European Time on the last occurring Exercise Date will be deemed exercised automatically on such Exercise Date and the provisions of Product Condition 3.2 shall apply. The expressions "exercise", "due exercise" and related expressions shall be construed to apply to any Securities which are automatically exercised on the last occurring Exercise Date in accordance with this provision.

#### **3.2. Settlement**

Each Security entitles its holder to receive from the Issuer, on the Settlement Date

3.2.1. if and to the extent Settlement means Physical Settlement, the Physical Settlement Amount subject to payment of [insert for warrants: the Strike, if any, and] any Securityholder Expenses on or prior to the Settlement Date,

3.2.2. if and to the extent Settlement means Cash Settlement, the Cash Settlement Amount less any Securityholder Expenses

**If the issuer has the right to select either Cash Settlement or Physical Settlement insert:**

The Issuer will give notice to the Securityholders in accordance with General Condition 4 not less than the Notice Period prior to the Settlement Date stating whether Cash Settlement and/or Physical Settlement applies, provided that if the Issuer fails to give such notice the Securities shall be redeemed by payment of the Cash Settlement Amount in accordance with 3.2.2 above.

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

#### **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 Physical Settlement Amount, Cash Settlement Amount or Disruption Cash Settlement Price.

Where the Physical Settlement Units are shares, 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 such shares.

#### 3.4. *Exercise Notice*

Securities may only be exercised by the delivery of a duly completed Exercise Notice 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:

- (1) specify the number of Securities being exercised;
- (2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- (3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (4) in the case of Physical 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, if any, in respect of such Securities (together with any other amounts payable);
- (5) specify the number of the account with the Clearing Agent to be credited with (i) any Cash Settlement Amount less any Securityholder Expenses in the case of Cash Settlement or (ii) any Disruption Cash Settlement Amount and any dividends payable pursuant to Product Condition 3. in the case of Physical Settlement less any Securityholder Expenses;
- (6) authorise the production of such notice in any applicable administrative or legal proceedings;
- (7) 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 in the case of Cash Settlement and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
- (8) include the Delivery Details in the case of Physical Settlement;

***If the Securityholder has the right to select Physical Settlement instead of Cash Settlement insert:***

The Securityholder may also specify in the Exercise Notice that Physical Settlement instead of Cash Settlement shall apply.

#### 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 Details*

3.6.1. If Cash Settlement applies and if the Security has been duly exercised by delivery of an Exercise Notice, the Cash Settlement Amount shall be paid to the account specified in the relevant Exercise Notice.

If Cash Settlement applies and if the Security has not been duly exercised by delivery of an Exercise Notice, the Cash Settlement Amount shall be transferred to the relevant Clearing Agent for distribution to the Securityholders.

3.6.2. If Physical Settlement applies, the delivery of the Physical Settlement Amount shall be made at the risk of the relevant Securityholder and shall:

- (a) where a Clearing System is specified in the definition of Delivery Details and where the Security has been duly exercised by delivery of an Exercise Notice, be delivered to the securities account with the Clearing System specified by the relevant Securityholder in the relevant Exercise Notice; or
- (b) where a Clearing System is specified in the definition of Delivery Details and where the Security has not been duly exercised by delivery of an Exercise Notice, be transferred to the Clearing System for delivery to the relevant Securityholder; or
- (c) where a Clearing System is not specified in the definition of Delivery Details, be delivered in the manner set out in such definition,

PROVIDED THAT in the case of (a) and (b) where the Issuer determines in its sole discretion that delivery of all or any of the Physical Settlement Units in accordance with (a) or (b), as the case may be, is impractical, illegal or unduly onerous to the Issuer, then the Issuer shall have the option to deliver the relevant Physical Settlement Units in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery and shall notify to the Securityholders in accordance with General Condition 4. The Physical Settlement Amount shall be evidenced in such manner as the Issuer determines to be customary for the relevant Physical Settlement Units. The Issuer shall be under no obligation to register or procure the registration of any Securityholder or any other person as the registered holder in respect of the Physical Settlement Units in any register of holders of such Units, including, but not limited to, a register of members of a 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 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 the Principal Agent.

The Principal Agent shall use all reasonable endeavours 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 the Principal 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 Physical Settlement 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 and to the extent Physical Settlement applies and prior to delivery of a Physical Settlement Unit in respect thereof, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Settlement Date for such Unit shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of all or any of the Physical Settlement Units 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 Physical Settlement Unit 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 Physical 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 Physical Settlement Units (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 Units 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 Units, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such assets during the Intervening Period or (iii) be under any liability to the relevant Securityholder or any subsequent beneficial owner of such Units 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 Units during such Intervening Period.

**3.12. Dividends**

Where the Physical Delivery Units are shares, any dividend or other similar amount in respect of any such Physical Settlement Unit to be delivered will be payable to the party that would receive such dividend or other amount according to market practice for a sale of the relevant Unit executed on the Exercise Date and to be delivered in the same manner as such Physical Settlement Unit. Any such dividend or other amount 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.

**3.14. *Minimum Exercise Amount***

The number of Securities exercised on any Exercise Date, as determined by the Calculation Agent, must not be less than the Minimum Exercise Amount (if applicable) or, if a number in excess of the Minimum Exercise Amount, an integral multiple of the Integral Exercise Amount (if applicable). Any purported exercise of Securities in breach of this provision shall be void and of no effect.

**3.15. *Maximum Exercise Amount***

Where a Maximum Exercise Amount has been specified in Product Condition 1, if the Calculation Agent determines that the number of Securities being exercised on any Exercise Date by any Securityholder or a group of Securityholders (whether or not acting in concert) exceeds the Maximum Exercise Amount (a number equal to the Maximum Exercise Amount being the "**Quota**"), the Issuer may deem the Exercise Date for the first Quota of such Securities, selected on the basis of the chronological order in which the relevant Exercise Notice have been delivered, to be such day and the Exercise Date for each additional Quota of such Securities (and any remaining number thereof), selected in the same way as above, to be each of the succeeding Exercise Dates until all such Securities have been attributed with an Exercise Date, provided, however, that any such Securities for which the Exercise Date would thereby fall after the last occurring Exercise Date this day shall be deemed to be the Exercise Date. In any case where more than the Quota of Securities are exercised on the same day by Securityholder(s), the determination of the chronological order of settlement in respect of such Securities shall be at the sole discretion of the Issuer.

Type: European

Exercise: Non-Automatic

### **3. Exercise Rights and Exercise Procedure**

#### **3.1. Exercise**

The Securities are only exercisable on 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. Any Exercise Notice delivered in the manner set out in Product Condition 3.4 prior to the Exercise Date shall be deemed to have been validly deferred on the Exercise Date.

#### **3.2. Settlement**

Each Security upon due exercise entitles its holder to receive from the Issuer, on the Settlement Date

3.2.1. if and to the extent Settlement means Physical Settlement, the Physical Settlement amount *subject* to payment of [insert for warrants: the Strike, if any, and] any Securityholder Expenses on or prior to the Settlement Date,

3.2.2. if and to the extent Settlement means Cash Settlement, the Cash Settlement Amount less any Securityholder Expenses.

**If the issuer has the right to select either Cash Settlement or Physical Settlement insert:**

The Issuer will give notice to the Securityholders in accordance with General Condition 4 not less than the Notice Period prior to the Settlement Date stating whether Cash Settlement and/or Physical Settlement applies, provided that if the Issuer fails to give such notice the Securities shall be redeemed by payment of the Cash Settlement Amount in accordance with 3.2.2 above.]

**Where Product Condition 5 specifies that the governing law of the Securities is English law, insert**

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

#### **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 Physical Settlement Amount, Cash Settlement Amount or Disruption Cash Settlement Price.

Where the Physical Settlement Units are shares, 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 such shares.

**3.4. Exercise Notice**

Securities may only be exercised by the delivery of a duly completed Exercise Notice 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:

- (1) specify the number of Securities being exercised;
- (2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- (3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (4) in the case of Physical 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, if any, in respect of such Securities (together with any other amounts payable);
- (5) specify the number of the account with the Clearing Agent to be credited with (i) any Cash Settlement Amount less any Securityholder Expenses in the case of Cash Settlement or (ii) any Disruption Cash Settlement Amount and any dividends payable pursuant to Product Condition 3.● in the case of Physical Settlement less any Securityholder Expenses;
- (6) authorise the production of such notice in any applicable administrative or legal proceedings;
- (7) 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 in the case of Cash Settlement and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
- (8) include the Delivery Details in the case of Physical Settlement;
- (9) 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; (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.

**If the Securityholder has the right to select Physical Settlement instead of Cash Settlement insert**

The Securityholder may also specify in the Exercise Notice that Physical Settlement instead of Cash Settlement shall apply.

**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 Details**

3.6.1. If Cash Settlement applies and if the Security has been duly exercised by delivery of an Exercise Notice, the Cash Settlement Amount shall be paid to the account specified in the relevant Exercise Notice.

If Cash Settlement applies and if the Security has not been duly exercised by delivery of an Exercise Notice, the Cash Settlement Amount shall be transferred to the relevant Clearing Agent for distribution to the Securityholders.

3.6.2. If Physical Settlement applies, the delivery of the Physical Settlement Amount shall be made at the risk of the relevant Securityholder and shall:

(a) where a Clearing System is specified in the definition of Delivery Details and where the Security has been duly exercised by delivery of an Exercise Notice, be delivered to the securities account with the Clearing System specified by the relevant Securityholder in the relevant Exercise Notice; or

(b) where a Clearing System is specified in the definition of Delivery Details and where the Security has not been duly exercised by delivery of an Exercise Notice, be transferred to the Clearing System for delivery to the relevant Securityholder; or

(c) where a Clearing System is not specified in the definition of Delivery Details, be delivered in the manner set out in such definition,

PROVIDED THAT in the case of (a) and (b) where the Issuer determines in its sole discretion that delivery of all or any of the Physical Settlement Units in accordance with (a) or (b), as the case may be, is impractical, illegal or unduly onerous to the Issuer, then the Issuer shall have the option to deliver the relevant Physical Settlement Units in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery and shall notify to the Securityholders in accordance with General Condition 4. The Physical Settlement Amount shall be evidenced in such manner as the Issuer determines to be customary for the relevant Physical Settlement Units. The Issuer shall be under no obligation to register or procure the registration of any Securityholder or any other person as the registered holder in respect of the Physical Settlement Units in any register of holders of such Units, including, but not limited to, a register of members of a 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 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 the Principal Agent.

The Principal Agent shall use all reasonable endeavours 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 the Principal 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 Physical Settlement 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 and to the extent Physical Settlement applies and prior to delivery of a Physical Settlement Unit in respect thereof, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Settlement Date for such Unit shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of all or any of the Physical Settlement Units 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 Physical Settlement Unit 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 Physical 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 Physical Settlement Units (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 Units 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 Units, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such assets during the Intervening Period or (iii) be under any liability to the relevant Securityholder or any subsequent beneficial owner of such Units 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 Units during such Intervening Period.

**3.12. *Dividends***

Where the Physical Delivery Units are shares, any dividend or other similar amount in respect of any such Physical Settlement Unit to be delivered will be payable to the party that would receive such dividend or other amount according to market practice for a sale of the relevant Unit executed on the Exercise Date and to be delivered in the same manner as such Physical Settlement Unit. Any such dividend or other amount 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.

Type: Non-European (i.e. American & Bermudan)

Exercise: Non Automatic

### **3. Exercise Rights and Exercise Procedure**

#### **3.1. Exercise**

The Securities are exercisable on any Exercise Date. Any Security with respect to which an Exercise Notice has been delivered after 10.00 a.m. Central European Time on any day shall be deemed to have been exercised on the next following Exercise Date if any. 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 last occurring Exercise Date shall be void.]

#### **3.2. Settlement**

Each Security upon due exercise entitles its holder to receive from the Issuer, on the Settlement Date

3.2.1. if and to the extent Settlement means Physical Settlement, the Physical Settlement Amount subject to payment of [insert for warrants: the Strike, if any, and] any Securityholder Expenses on or prior to the Settlement Date,

3.2.2. if and to the extent Settlement means Cash Settlement, the Cash Settlement Amount less any Securityholder Expenses.

**If the issuer has the right to select either Cash Settlement or Physical Settlement insert:**

The Issuer will give notice to the Securityholders in accordance with General Condition 4 not less than the Notice Period prior to the Settlement Date stating whether Cash Settlement and/or Physical Settlement applies, provided that if the Issuer fails to give such notice the Securities shall be redeemed by payment of the Cash Settlement Amount in accordance with 3.2.2 above.]

**Where Product Condition 5 specifies that the governing law of the Securities is English law, insert**

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

#### **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 Physical Settlement Amount, Cash Settlement Amount or Disruption Cash Settlement Price.

Where the Physical Settlement Units are shares, 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 such shares.

**3.4. Exercise Notice**

Securities may only be exercised by the delivery of a duly completed Exercise Notice 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:

- (1) specify the number of Securities being exercised;
- (2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- (3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (4) in the case of Physical 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, if any, in respect of such Securities (together with any other amounts payable);
- (5) specify the number of the account with the Clearing Agent to be credited with (i) any Cash Settlement Amount less any Securityholder Expenses in the case of Cash Settlement or (ii) any Disruption Cash Settlement Amount and any dividends payable pursuant to Product Condition 3.● in the case of Physical Settlement less any Securityholder Expenses;
- (6) authorise the production of such notice in any applicable administrative or legal proceedings;
- (7) 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 in the case of Cash Settlement and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
- (8) include the Delivery Details in the case of Physical Settlement;
- (9) 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; (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.

**If the Securityholder has the right to select Physical Settlement instead of Cash Settlement insert:**

The Securityholder may also specify in the Exercise Notice that Physical Settlement instead of Cash Settlement shall apply.

**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 Details**

3.6.1. If Cash Settlement applies and if the Security has been duly exercised by delivery of an Exercise Notice, the Cash Settlement Amount shall be paid to the account specified in the relevant Exercise Notice.

If Cash Settlement applies and if the Security has not been duly exercised by delivery of an Exercise Notice, the Cash Settlement Amount shall be transferred to the relevant Clearing Agent for distribution to the Securityholders.

3.6.2. If Physical Settlement applies, the delivery of the Physical Settlement Amount shall be made at the risk of the relevant Securityholder and shall:

- (a) where a Clearing System is specified in the definition of Delivery Details and where the Security has been duly exercised by delivery of an Exercise Notice, be delivered to the securities account with the Clearing System specified by the relevant Securityholder in the relevant Exercise Notice; or
- (b) where a Clearing System is specified in the definition of Delivery Details and where the Security has not been duly exercised by delivery of an Exercise Notice, be transferred to the Clearing System for delivery to the relevant Securityholder; or
- (c) where a Clearing System is not specified in the definition of Delivery Details, be delivered in the manner set out in such definition,

PROVIDED THAT in the case of (a) and (b) where the Issuer determines in its sole discretion that delivery of all or any of the Physical Settlement Units in accordance with (a) or (b), as the case may be, is impractical, illegal or unduly onerous to the Issuer, then the Issuer shall have the option to deliver the relevant Physical Settlement Units in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery and shall notify to the Securityholders in accordance with General Condition 4. The Physical Settlement Amount shall be evidenced in such manner as the Issuer determines to be customary for the relevant Physical Settlement Units. The Issuer shall be under no obligation to register or procure the registration of any Securityholder or any other person as the registered holder in respect of the Physical Settlement Units in any register of holders of such Units, including, but not limited to, a register of members of a 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 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 the Principal Agent.

The Principal Agent shall use all reasonable endeavours 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 the Principal 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 Physical Settlement 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 and to the extent Physical Settlement applies and prior to delivery of a Physical Settlement Unit in respect thereof, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Settlement Date for such Unit shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of all or any of the Physical Settlement Units 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 Physical Settlement Unit 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 Physical 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 Physical Settlement Units (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 Units 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 Units, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such assets during the Intervening Period or (iii) be under any liability to the relevant Securityholder or any subsequent beneficial owner of such Units 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 Units during such Intervening Period.

3.12. *Dividends*

Where the Physical Delivery Units are shares, any dividend or other similar amount in respect of any such Physical Settlement Unit to be delivered will be payable to the party that would receive such dividend or other amount according to market practice for a sale of the relevant Unit executed on the Exercise Date and to be delivered in the same manner as such Physical Settlement Unit. Any such dividend or other amount 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.

3.14. *Minimum Exercise Amount*

The number of Securities exercised on any Exercise Date, as determined by the Calculation Agent, must not be less than the Minimum Exercise Amount (if applicable) or, if a number in excess of the Minimum Exercise Amount, an integral multiple of the Integral Exercise Amount (if applicable). Any purported exercise of Securities in breach of this provision shall be void and of no effect.

3.15. *Maximum Exercise Amount*

Where a Maximum Exercise Amount has been specified in Product Condition 1, if the Calculation Agent determines that the number of Securities being exercised on any Exercise Date by any Securityholder or a group of Securityholders (whether or not acting in concert) exceeds the Maximum Exercise Amount (a number equal to the Maximum Exercise Amount being the "**Quota**"), the Issuer may deem the Exercise Date for the first Quota of such Securities, selected on the basis of the chronological order in which the relevant Exercise Notice have been delivered, to be such day and the Exercise Date for each additional Quota of such Securities (and any remaining number thereof), selected in the same way as above, to be each of the succeeding Exercise Dates until all such Securities have been attributed with an Exercise Date, provided, however, that any such Securities for which the Exercise Date would thereby fall after the last occurring Exercise Date this day shall be deemed to be the Exercise Date. In any case where more than the Quota of Securities are exercised on the same day by Securityholder(s), the determination of the chronological order of settlement in respect of such Securities shall be at the sole discretion of the Issuer.



Clause 3 Warrants & Certificates Cash only, European Type, Automatic Exercise-Redemption at the option of the Issuer

Type: European

Exercise: Automatic

### 3. Exercise Rights and Exercise Procedure

#### 3.1. Exercise

Unless previously redeemed or purchased and cancelled and subject as provided in the Conditions, each Security will be exercised automatically on the Exercise Date and the provisions of Product Condition 3.3 shall apply. The expressions “exercise”, “due exercise” and related expressions shall be construed to apply to any Securities which are automatically exercised on the Exercise Date in accordance with this provision. The Securityholder will not be required to complete an Exercise Notice

If the Issuer exercises its Early Redemption Right in accordance with Product Condition 3.2, each Security entitles its holder to receive from the Issuer the Early Cash Settlement Amount, such redemption to occur, subject as provided below, on the Early Redemption Date.

#### 3.2. Early Redemption Right

The Issuer has the unconditional and irrevocable right (the “**Early Redemption Right**”), upon delivery of the Early Redemption Notice (as defined below), which delivery shall take place as soon as practicable following the relevant Early Redemption Valuation Date but which in any event shall be before the Early Redemption Date, to redeem the Securities in whole, but not in part, with effect on a Early Redemption Date.

“**Early Redemption Notice**” means the irrevocable notice given by the Issuer to the Securityholders in accordance with General Condition 4.1 that the Issuer will exercise its Early Redemption Right, which notice shall specify the Early Redemption Valuation Date.

#### 3.3. Settlement

Each Security entitles its holder to receive from the Issuer, the Cash Settlement Amount less any Securityholder Expenses for value on or prior to the Settlement Date.

Subject as provided below, payment of the Cash Settlement Amount or Early Cash Settlement Amount will be made by an Agent on behalf of the Issuer by credit or transfer to the relevant Clearing Agent for the account of the relevant Securityholder, such payment to be made in accordance with the rules of such Clearing Agent.

**Where Product Condition 5 specifies that the governing law of the Securities is English law, insert**

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the

Clause 3 Warrants & Certificates Cash only, European Type, Automatic Exercise-Redemption at the option of the Issuer

rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

3.4. *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 or Early Cash Settlement Amount. The purchase and/or holding of Securities does not confer on any holder of any Securities any rights (whether in respect of voting, distributions or otherwise) in relation to the Underlying or any asset of any kind whatsoever by reference to which the Cash Settlement Amount or Early Cash Settlement Amount is calculated.

3.5. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and where any Cash Settlement Amount or Early 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.

3.6. *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.

Type: Non-European (i.e. American & Bermudan)

Exercise: Automatic

### 3. Exercise Rights and Exercise Procedure

#### 3.1. Exercise

Unless previously redeemed or purchased and cancelled and subject as provided in the Conditions, each Security will be exercised automatically on the Exercise Date and the provisions of Product Condition 3.3 shall apply. The expressions “exercise”, “due exercise” and related expressions shall be construed to apply to any Securities which are automatically exercised on the Exercise Date in accordance with this provision. The Securityholder will not be required to complete an Exercise Notice

If the Issuer exercises its Early Redemption Right in accordance with Product Condition 3.2, each Security entitles its holder to receive from the Issuer the Early Cash Settlement Amount, such redemption to occur, subject as provided below, on the Early Redemption Date.

#### 3.2. Early Redemption Right

The Issuer has the unconditional and irrevocable right (the “**Early Redemption Right**”), upon delivery of the Early Redemption Notice (as defined below), which delivery shall take place as soon as practicable following the relevant Early Redemption Valuation Date but which in any event shall be before the Early Redemption Date, to redeem the Securities in whole, but not in part, with effect on a Early Redemption Date.

“**Early Redemption Notice**” means the irrevocable notice given by the Issuer to the Securityholders in accordance with General Condition 4.1 that the Issuer will exercise its Early Redemption Right, which notice shall specify the Early Redemption Valuation Date.

#### 3.3. Settlement

Each Security entitles its holder to receive from the Issuer, on the Settlement Date

3.3.1. if and to the extent Settlement means Physical Settlement, the Physical Settlement Amount subject to payment of [insert for warrants: the Strike, if any, and] any Securityholder Expenses on or prior to the Settlement Date,

3.3.2. if and to the extent Settlement means Cash Settlement, the Cash Settlement Amount less any Securityholder Expenses

**If the issuer has the right to select either Cash Settlement or Physical Settlement insert:**

The Issuer will give notice to the Securityholders in accordance with General Condition 4 not less than the Notice Period prior to the Settlement Date stating whether Cash Settlement and/or Physical Settlement applies, provided that if the Issuer fails to give such notice the Securities shall be redeemed by payment of the Cash Settlement Amount in accordance with 3.2.2 above.

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

#### 3.4. *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 Physical Settlement Amount, Cash Settlement Amount or Disruption Cash Settlement Price.

Where the Physical Settlement Units are shares, 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 such shares.

#### 3.5. *Exercise Notice*

Securities may only be exercised by the delivery of a duly completed Exercise Notice 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:

- (1) specify the number of Securities being exercised;
- (2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- (3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (4) in the case of Physical 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, if any, in respect of such Securities (together with any other amounts payable);
- (5) specify the number of the account with the Clearing Agent to be credited with (i) any Cash Settlement Amount less any Securityholder Expenses in the case of Cash Settlement or (ii) any Disruption Cash Settlement Amount and any dividends payable pursuant to Product Condition 3. in the case of Physical Settlement less any Securityholder Expenses;
- (6) authorise the production of such notice in any applicable administrative or legal proceedings;
- (7) 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 in the case of Cash Settlement and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
- (8) include the Delivery Details in the case of Physical Settlement;

***If the Securityholder has the right to select Physical Settlement instead of Cash Settlement insert:***

The Securityholder may also specify in the Exercise Notice that Physical Settlement instead of Cash Settlement shall apply.

3.6. *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.

3.7. *Settlement Details*

3.7.1. If Cash Settlement applies and if the Security has been duly exercised by delivery of an Exercise Notice, the Cash Settlement Amount shall be paid to the account specified in the relevant Exercise Notice.

If Cash Settlement applies and if the Security has not been duly exercised by delivery of an Exercise Notice, the Cash Settlement Amount shall be transferred to the relevant Clearing Agent for distribution to the Securityholders.

3.7.2. If Physical Settlement applies, the delivery of the Physical Settlement Amount shall be made at the risk of the relevant Securityholder and shall:

(a) where a Clearing System is specified in the definition of Delivery Details and where the Security has been duly exercised by delivery of an Exercise Notice, be delivered to the securities account with the Clearing System specified by the relevant Securityholder in the relevant Exercise Notice; or

(b) where a Clearing System is specified in the definition of Delivery Details and where the Security has not been duly exercised by delivery of an Exercise Notice, be transferred to the Clearing System for delivery to the relevant Securityholder; or

(c) where a Clearing System is not specified in the definition of Delivery Details, be delivered in the manner set out in such definition,

PROVIDED THAT in the case of (a) and (b) where the Issuer determines in its sole discretion that delivery of all or any of the Physical Settlement Units in accordance with (a) or (b), as the case may be, is impractical, illegal or unduly onerous to the Issuer, then the Issuer shall have the option to deliver the relevant Physical Settlement Units in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery and shall notify to the Securityholders in accordance with General Condition 4. The Physical Settlement Amount shall be evidenced in such manner as the Issuer determines to be customary for the relevant Physical Settlement Units. The Issuer shall be under no obligation to register or procure the registration of any Securityholder or any other person as the registered holder in respect of the Physical Settlement Units in any register of holders of such Units, including, but not limited to, a register of members of a share company.

3.8. *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 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 the Principal Agent.

The Principal Agent shall use all reasonable endeavours 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.

**3.9. *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 the Principal Agent as provided above. After the delivery of an Exercise Notice the Securities which are the subject of such notice may not be transferred.

**3.10. *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 Physical Settlement 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.

**3.11. *Settlement Disruption***

If and to the extent Physical Settlement applies and prior to delivery of a Physical Settlement Unit in respect thereof, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Settlement Date for such Unit shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of all or any of the Physical Settlement Units 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 Physical Settlement Unit due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

**3.12. *Intervening Period***

With respect to Physical 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 Physical Settlement Units (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 Units 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 Units, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such assets during the Intervening Period or (iii) be under

any liability to the relevant Securityholder or any subsequent beneficial owner of such Units 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 Units during such Intervening Period.

**3.13. *Dividends***

Where the Physical Delivery Units are shares, any dividend or other similar amount in respect of any such Physical Settlement Unit to be delivered will be payable to the party that would receive such dividend or other amount according to market practice for a sale of the relevant Unit executed on the Exercise Date and to be delivered in the same manner as such Physical Settlement Unit. Any such dividend or other amount to be paid to a Securityholder shall be paid to the account specified in the relevant Exercise Notice.

**3.14. *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.

**3.15. *Minimum Exercise Amount***

The number of Securities exercised on any Exercise Date, as determined by the Calculation Agent, must not be less than the Minimum Exercise Amount (if applicable) or, if a number in excess of the Minimum Exercise Amount, an integral multiple of the Integral Exercise Amount (if applicable). Any purported exercise of Securities in breach of this provision shall be void and of no effect.

**3.16. *Maximum Exercise Amount***

Where a Maximum Exercise Amount has been specified in Product Condition 1, if the Calculation Agent determines that the number of Securities being exercised on any Exercise Date by any Securityholder or a group of Securityholders (whether or not acting in concert) exceeds the Maximum Exercise Amount (a number equal to the Maximum Exercise Amount being the "**Quota**"), the Issuer may deem the Exercise Date for the first Quota of such Securities, selected on the basis of the chronological order in which the relevant Exercise Notice have been delivered, to be such day and the Exercise Date for each additional Quota of such Securities (and any remaining number thereof), selected in the same way as above, to be each of the succeeding Exercise Dates until all such Securities have been attributed with an Exercise Date, provided, however, that any such Securities for which the Exercise Date would thereby fall after the last occurring Exercise Date this day shall be deemed to be the Exercise Date. In any case where more than the Quota of Securities are exercised on the same day by Securityholder(s), the determination of the chronological order of settlement in respect of such Securities shall be at the sole discretion of the Issuer.

Type: European

Exercise: Automatic

### **3. Exercise Rights and Exercise Procedure**

#### **3.1. Exercise**

Each Security will be exercised automatically on the Exercise Date and the provisions of Product Condition 3.2 shall apply. The expressions "exercise", "due exercise" and related expressions shall be construed to apply to any Securities which are automatically exercised on the Exercise Date in accordance with this provision. The Securityholder will not be required to complete an Exercise Notice

#### **3.2. Settlement**

Each Security entitles its holder to receive from the Issuer, the Cash Settlement Amount less any Securityholder Expenses for value on or prior to the Settlement Date.

Subject as provided below, payment of the Cash Settlement Amount will be made by an Agent on behalf of the Issuer by credit or transfer to the relevant Clearing Agent for the account of the relevant Securityholder, such payment to be made in accordance with the rules of such Clearing Agent.

*Where Product Condition 5 specifies that the governing law of the Securities is English law, insert*

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

#### **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 and/or holding of Securities does not confer on any holder of any Securities any rights (whether in respect of voting, distributions or otherwise) in relation to the Underlying or any asset of any kind whatsoever by reference to which the Cash Settlement Amount is calculated.

#### **3.3. Securityholder Expenses**

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and 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



3.3. *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.

Type: Non-European (i.e. American & Bermudan)

Exercise: Automatic

### **3. Exercise Rights and Exercise Procedure**

#### **3.1. Exercise**

The Securities are exercisable on any Exercise Date. Any Security with respect to which an Exercise Notice has been delivered after 10.00 a.m. Central European Time on any day shall be deemed to have been exercised on the next following Exercise Date, if any. 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 am Central European Time on the last occurring Exercise Date will be deemed exercised automatically on such Exercise Date and the provisions of Product Condition 3.2 shall apply. The expressions "exercise", "due exercise" and related expressions shall be construed to apply to any Securities which are automatically exercised on the last occurring Exercise Date in accordance with this provision.

#### **3.1. Settlement**

In respect of any Exercise Date prior to the last occurring Exercise Date, each Security upon due exercise ownership entitles its holder to receive from the Issuer the Cash Settlement Amount less any Securityholder Expenses to be paid to the account specified in the relevant Exercise Notice for value on or prior to the relevant Settlement Date.

In respect of the last occurring Exercise Date only, the Securityholder will not be required to complete an Exercise Notice and each Security entitles its holder to receive from the Issuer, the Cash Settlement Amount less any Securityholder Expenses for value on or prior to the relevant Settlement Date.

Subject as provided below, payment of the Cash Settlement Amount will be made by an Agent on behalf of the Issuer by credit or transfer to the relevant Clearing Agent for the account of the relevant Securityholder which, if an Exercise Notice is required, shall be the account specified in such Exercise Notice, such payment to be made in accordance with the rules of such Clearing Agent.

**Where Product Condition 5 specifies that the governing law of the Securities is English law, insert**

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

#### **3.1. 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 and/or holding of Securities does not confer on any holder of any Securities any rights (whether in respect of voting, distributions or otherwise) in relation to the Underlying or any asset of any kind whatsoever by reference to which the Cash Settlement Amount is calculated.

**3.1. Exercise Notice**

Securities may only be exercised by the delivery of a duly completed Exercise Notice 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:

- (1) specify the number of Securities being exercised;
- (2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- (3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (4) specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount less any Securityholder Expenses;
- (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 and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (6) authorise the production of such notice in any applicable administrative or legal proceedings;

**3.1. 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.

**3.1. 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 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 the Principal Agent.

The Principal Agent shall use all reasonable endeavours 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.

3.1. *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 the Principal Agent as provided above. After the delivery of an Exercise Notice the Securities which are the subject of such notice may not be transferred.

3.1. Securityholder Expenses

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and 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

3.1. *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.

3.1. *Minimum Exercise Amount*

The number of Securities exercised on any Exercise Date, as determined by the Calculation Agent, must not be less than the Minimum Exercise Amount (if applicable) or, if a number in excess of the Minimum Exercise Amount, an integral multiple of the Integral Exercise Amount (if applicable). Any purported exercise of Securities in breach of this provision shall be void and of no effect.

3.1. *Maximum Exercise Amount*

Where a Maximum Exercise Amount has been specified in Product Condition 1, if the Calculation Agent determines that the number of Securities being exercised on any Exercise Date by any Securityholder or a group of Securityholders (whether or not acting in concert) exceeds the Maximum Exercise Amount (a number equal to the Maximum Exercise Amount being the "**Quota**"), the Issuer may deem the Exercise Date for the first Quota of such Securities, selected on the basis of the chronological order in which the relevant Exercise Notice have been delivered, to be such day and the Exercise Date for each additional Quota of such Securities (and any remaining number thereof), selected in the same way as above, to be each of the succeeding Exercise Dates until all such Securities have been attributed with an Exercise Date, provided, however, that any such Securities for which the Exercise Date would thereby fall after the last occurring Exercise Date this day shall be deemed to be the Exercise Date. In any case where more than the Quota of Securities are exercised on the same day by Securityholder(s), the determination of the chronological order of settlement in respect of such Securities shall be at the sole discretion of the Issuer.

Type: European

Exercise: Non-Automatic

### **3. Exercise Rights and Exercise Procedure**

#### **3.1. Exercise**

The Securities are only exercisable on 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. Any Exercise Notice delivered in the manner set out in Product Condition 3.4 prior to the Exercise Date shall be deemed to have been validly delivered on the Exercise Date.

#### **3.2. Settlement**

Each Security upon due exercise entitles its holder to receive from the Issuer, the Cash Settlement Amount less any Securityholder Expenses to be paid to the account specified in the relevant Exercise Notice for value on or prior to the Settlement Date.

Subject as provided below, payment of the Cash Settlement Amount will be made by an Agent on behalf of the Issuer by credit or transfer to the relevant Clearing Agent for the account of the relevant Securityholder which, if an Exercise Notice is required, shall be the account specified in such Exercise Notice, such payment to be made in accordance with the rules of such Clearing Agent.

**Where Product Condition 5 specifies that the governing law of the Securities is English law, insert**

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

#### **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 and/or holding of Securities does not confer on any holder of any Securities any rights (whether in respect of voting, distributions or otherwise) in relation to the Underlying [Asset] or any asset of any kind whatsoever by reference to which the Cash Settlement Amount is calculated.

#### **3.4. Exercise Notice**

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

## Clause 3 Warrants & Certificates Cash only, European Type, Non-Automatic Exercise

An Exercise Notice shall:

- (1) specify the number of Securities being exercised;
- (2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- (3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (4) specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount less any Securityholder Expenses;
- (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 and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (6) authorise the production of such notice in any applicable administrative or legal proceedings;
- (7) 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; (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.

### 3.5. *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. *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 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 the Principal Agent.

The Principal Agent shall use all reasonable endeavours 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.

**3.7. *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 the Principal Agent as provided above. After the delivery of an Exercise Notice the Securities which are the subject of such notice may not be transferred.

**3.8. *Securityholder Expenses***

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and 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

**3.9. *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.

Clause 3 Warrants & Certificates Cash only, European Type, Automatic Exercise; Issuer Redemption Right

Type: European

Exercise: Automatic

### 3. Exercise Rights and Exercise Procedure

#### 3.1. Exercise

Each Security will be exercised automatically on the Exercise Date and the provisions of Product Condition 3.2 shall apply. The expressions "exercise", "due exercise" and related expressions shall be construed to apply to any Securities which are automatically exercised on the Exercise Date in accordance with this provision. The Securityholder will not be required to complete an Exercise Notice.

The Issuer has the unconditional and irrevocable right (the "**Redemption Right**"), upon delivery of the Redemption Notice (as defined below) by the Issuer, to redeem the Securities in whole, but not in part, with effect on a Redemption Date.

"**Redemption Notice**" means the irrevocable notice given by the Issuer to the Securityholders in accordance with General Condition 4.1 that the Issuer will exercise its Redemption Right, which notice shall specify the Redemption Date.

#### 3.2. Settlement

Each Security entitles its holder to receive from the Issuer, the Cash Settlement Amount less any Securityholder Expenses for value on or prior to the Settlement Date.

If the Issuer exercises its Redemption Right, each Security entitles its holder to receive from the Issuer the Cash Settlement Amount less any Securityholder Expenses for value on or prior to the relevant Settlement Date.

Subject as provided below, payment of the Cash Settlement Amount will be made by an Agent on behalf of the Issuer by credit or transfer to the relevant Clearing Agent for the account of the relevant Securityholder, such payment to be made in accordance with the rules of such Clearing Agent.

**Where Product Condition 5 specifies that the governing law of the Securities is English law, insert**

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

#### 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



Clause 3 Warrants & Certificates Cash only, European Type, Automatic Exercise; Issuer Redemption Right

errors or omissions in the calculation of any Cash Settlement Amount. The purchase and/or holding of Securities does not confer on any holder of any Securities any rights (whether in respect of voting, distributions or otherwise) in relation to the Underlying or any asset of any kind whatsoever by reference to which the Cash Settlement Amount is calculated.

3.3. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and 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

3.3. *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.

Clause 3 Warrants & Certificates Cash only, Non-European Type, Automatic Exercise, Issuer Redemption Right

Type: Non-European (i.e. American & Bermudan)

Exercise: Automatic

### 3. Exercise Rights and Exercise Procedure

#### 3.1. Exercise

The Securities are exercisable on any Exercise Date. Any Security with respect to which an Exercise Notice has been delivered after 10.00 a.m. Central European Time on any day shall be deemed to have been exercised on the next following Exercise Date, if any. *[If the Securities provide for a final Exercise Date insert:* 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 am Central European Time on the last occurring Exercise Date will be deemed exercised automatically on such Exercise Date and the provisions of Product Condition 3.2 shall apply. The expressions "exercise", "due exercise" and related expressions shall be construed to apply to any Securities which are automatically exercised on the last occurring Exercise Date in accordance with this provision.]

The Issuer has the unconditional and irrevocable right (the "**Redemption Right**"), upon delivery of the Redemption Notice (as defined below) by the Issuer, to redeem the Securities in whole, but not in part, with effect on a Redemption Date.

"**Redemption Notice**" means the irrevocable notice given by the Issuer to the Securityholders in accordance with General Condition 4.1 that the Issuer will exercise its Redemption Right, which notice shall specify the Redemption Date.

Subject to Product Condition 3.8, the exercise by the Issuer of the Redemption Right shall not preclude Securityholders from exercising Securities on any Exercise Date up to and excluding the Redemption Date or from selling or transferring Securities which sale or transfer, as the case may be, is effective on any day up to but excluding the Redemption Date. In such case, any Exercise Notice delivered to the Principal Agent, or copied to the Clearing Agent, in each case after 10.00 a.m. Central European Time on the last Exercise Date prior to the Redemption Date shall be void.

#### 3.1. Settlement

*[If the Securities provide for a final Exercise Date insert:*

In respect of any Exercise Date prior to the last occurring Exercise Date, each Security upon due exercise ownership entitles its holder to receive from the Issuer the Cash Settlement Amount less any Securityholder Expenses to be paid to the account specified in the relevant Exercise Notice for value on or prior to the relevant Settlement Date.

In respect of the last occurring Exercise Date only, the Securityholder will not be required to complete an Exercise Notice and each Security entitles its holder to receive from the Issuer, the Cash Settlement Amount less any Securityholder Expenses for value on or prior to the relevant Settlement Date.]

*[If the Securities are perpetual insert:*

Each Security upon due exercise ownership entitles its holder to receive from the Issuer the Cash Settlement Amount less any Securityholder Expenses to be paid to the account specified in the relevant Exercise Notice for value on or prior to the relevant Settlement Date.]

If the Issuer exercises its Redemption Right, each Security entitles its holder to receive from the Issuer the Cash Settlement Amount less any Securityholder Expenses for value on or prior to the relevant Settlement Date.

Clause 3 Warrants & Certificates Cash only, Non-European Type, Automatic Exercise, Issuer Redemption Right

Subject as provided below, payment of the Cash Settlement Amount will be made by an Agent on behalf of the Issuer by credit or transfer to the relevant Clearing Agent for the account of the relevant Securityholder which, if an Exercise Notice is required, shall be the account specified in such Exercise Notice, such payment to be made in accordance with the rules of such Clearing Agent.

**Where Product Condition 5 specifies that the governing law of the Securities is English law, insert**

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

**3.1. 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 and/or holding of Securities does not confer on any holder of any Securities any rights (whether in respect of voting, distributions or otherwise) in relation to the Underlying or any asset of any kind whatsoever by reference to which the Cash Settlement Amount is calculated.

**3.1. Exercise Notice**

Securities may only be exercised by the delivery of a duly completed Exercise Notice 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:

- (1) specify the number of Securities being exercised;
- (2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- (3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (4) specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount less any Securityholder Expenses;
- (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 and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;

Clause 3 Warrants & Certificates Cash only, Non-European Type, Automatic Exercise, Issuer Redemption Right

- (6) authorise the production of such notice in any applicable administrative or legal proceedings;

3.1. *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.

3.1. *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 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 the Principal Agent.

The Principal Agent shall use all reasonable endeavours 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.

3.1. *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 the Principal Agent as provided above. After the delivery of an Exercise Notice the Securities which are the subject of such notice may not be transferred.

3.1. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and 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

3.1. *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.

3.1. *Minimum Exercise Amount*

The number of Securities exercised on any Exercise Date, as determined by the Calculation Agent, must not be less than the Minimum Exercise Amount (if applicable) or, if a number in excess of the Minimum Exercise Amount, an integral multiple of the Integral Exercise Amount (if applicable). Any purported exercise of Securities in breach of this provision shall be void and of no effect.

3.1. *Maximum Exercise Amount*

Where a Maximum Exercise Amount has been specified in Product Condition 1, if the Calculation Agent determines that the number of Securities being exercised on any Exercise Date by any Securityholder or a group of Securityholders (whether or not acting in concert) exceeds the Maximum Exercise Amount (a number equal to the Maximum Exercise Amount being the "**Quota**"), the Issuer may deem the Exercise Date for the first Quota of such Securities, selected on the basis of the chronological order in which the relevant Exercise Notice have been delivered, to be such day and the Exercise Date for each additional Quota of such Securities (and any remaining number thereof), selected in the same way as above, to be each of the succeeding Exercise Dates until all such Securities have been attributed with an Exercise Date, provided, however, that any such Securities for which the Exercise Date would thereby fall after the last occurring Exercise Date this day shall be deemed to be the Exercise Date. In any case where more than the Quota of Securities are exercised on the same day by Securityholder(s), the determination of the chronological order of settlement in respect of such Securities shall be at the sole discretion of the Issuer.

Clause 3 Warrants & Certificates Cash only, European Type, Non-Automatic Exercise, Issuer Redemption Right

Type: European

Exercise: Non-Automatic

### 3. Exercise Rights and Exercise Procedure

#### 3.1. Exercise

The Securities are only exercisable on 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. Any Exercise Notice delivered in the manner set out in Product Condition 3.4 prior to the Exercise Date shall be deemed to have been validly delivered on the Exercise Date.

The Issuer has the unconditional and irrevocable right (the “**Redemption Right**”), upon delivery of the Redemption Notice (as defined below) by the Issuer, to redeem the Securities in whole, but not in part, with effect on a Redemption Date.

“**Redemption Notice**” means the irrevocable notice given by the Issuer to the Securityholders in accordance with General Condition 4.1 that the Issuer will exercise its Redemption Right, which notice shall specify the Redemption Date.

#### 3.2. Settlement

Each Security upon due exercise entitles its holder to receive from the Issuer, the Cash Settlement Amount less any Securityholder Expenses to be paid to the account specified in the relevant Exercise Notice for value on or prior to the Settlement Date.

If the Issuer exercises its Redemption Right, each Security, upon due delivery of a duly completed Settlement Notice by the Securityholder to the Principal Agent with a copy to the Clearing Agent in the manner set out in Product Condition 3.4 for Exercise Notices at or prior to 10.00 a.m. Central European Time on the Redemption Date, entitles its holder to receive from the Issuer the Cash Settlement Amount less any Securityholder Expenses to be paid to the account specified in the relevant Settlement Notice for value on or prior to the relevant Settlement Date.

The Settlement Notice shall contain the same specifications as set out in Product Condition 3.4 for an Exercise Notice.

**In case of an exercise by the Issuer of its Redemption Right, all references to an “Exercise Notice” in any Product Condition, shall be deemed also to apply for a “Settlement Notice”.**

If a duly completed Settlement Notice is not delivered and copied in accordance with Product Condition 3.4 by 10.00 a.m. Central European Time on the Redemption Date, then the Cash Settlement Amount will, subject as provided below, be paid as soon as practicable after the original Settlement Date (and such date of payment shall be deemed to be, for such Securities, the Settlement Date). **If a Settlement Notice has not been delivered and copied with respect to a Security in the manner set out in Product Condition 3.4 at or prior to 10.00 a.m. (Central European Time) on the thirtieth calendar day after the Redemption Date, then the holder of such Security shall have no right to receive the Cash Settlement Amount in respect of such Security and the Issuer’s obligations in respect of such Security shall be cancelled.**

For the avoidance of doubt, in circumstances where either (i) payment of the Cash Settlement Amount is made after the original Settlement Date due to the delivery and/or copying of a Settlement Notice after 10.00 a.m. Central European Time on the Redemption Date as provided above or (ii) the Issuer’s obligations are cancelled as provided above, the relevant Securityholder(s) shall not be entitled to any payment, whether interest or otherwise, as a result thereof.

**[If a notice period of more than six months is to be observed, as provided for under the definition of "Redemption Date", insert:**

Where the Issuer has exercised the Redemption Right, it shall give notice to the Securityholders not more than 60 days and not less than 30 days before the Redemption Date reminding Securityholders of such exercise of the Redemption Right and the requirement to deliver a Settlement Notice as provided herein.]

Subject as provided below, payment of the Cash Settlement Amount will be made by an Agent on behalf of the Issuer by credit or transfer to the relevant Clearing Agent for the account of the relevant Securityholder which, if an Exercise Notice is required, shall be the account specified in such Exercise Notice, such payment to be made in accordance with the rules of such Clearing Agent.

**Where Product Condition 5 specifies that the governing law of the Securities is English law, insert**

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

### 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 and/or holding of Securities does not confer on any holder of any Securities any rights (whether in respect of voting, distributions or otherwise) in relation to the Underlying [Asset] or any asset of any kind whatsoever by reference to which the Cash Settlement Amount is calculated.

### 3.4. *Exercise Notice*

Securities may only be exercised by the delivery of a duly completed Exercise Notice 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:

- (1) specify the number of Securities being exercised;
- (2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- (3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;

Clause 3 Warrants & Certificates Cash only, European Type, Non-Automatic Exercise, Issuer Redemption Right

- (4) specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount less any Securityholder Expenses;
- (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 and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (6) authorise the production of such notice in any applicable administrative or legal proceedings;
- (7) 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; (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.

3.5. *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. *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 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 the Principal Agent.

The Principal Agent shall use all reasonable endeavours 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



Clause 3 Warrants & Certificates Cash only, European Type, Non-Automatic Exercise, Issuer Redemption Right

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.

**3.7. *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 the Principal Agent as provided above. After the delivery of an Exercise Notice the Securities which are the subject of such notice may not be transferred.

**3.8. *Securityholder Expenses***

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and 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

**3.9. *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.

Type: Non-European (i.e. American & Bermudan)

Exercise: Non Automatic

### **3. Exercise Rights and Exercise Procedure**

#### **3.1. Exercise**

The Securities are exercisable on any Exercise Date. Any Security with respect to which an Exercise Notice has been delivered after 10.00 a.m. Central European Time on any day shall be deemed to have been exercised on the next following Exercise Date if any. 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 last occurring Exercise Date shall be void.]

#### **3.2. Settlement**

Each Security upon due exercise entitles its holder to receive from the Issuer, the Cash Settlement Amount less any Securityholder Expenses to be paid to the account specified in the relevant Exercise Notice for value on or prior to the relevant Settlement Date.

Subject as provided below, payment of the Cash Settlement Amount will be made by an Agent on behalf of the Issuer by credit or transfer to the relevant Clearing Agent for the account of the relevant Securityholder which, if an Exercise Notice is required, shall be the account specified in such Exercise Notice, such payment to be made in accordance with the rules of such Clearing Agent.

**Where Product Condition 5 specifies that the governing law of the Securities is English law, insert**

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent 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 relevant Clearing Agent.

All 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 Conditions 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

#### **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 and/or holding of Securities does not confer on any holder of any Securities any rights (whether in respect of voting, distributions or otherwise) in relation to the Underlying [Asset] or any asset of any kind whatsoever by reference to which the Cash Settlement Amount is calculated.

#### **3.4. Exercise Notice**

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

## Clause 3 Warrants & Certificates Cash only, Non-European Type, Non-Automatic Exercise

An Exercise Notice shall:

- (1) specify the number of Securities being exercised;
- (2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- (3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (4) specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount less any Securityholder Expenses;
- (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 and authorise the Principal Agent to so direct the Clearing Agent on behalf of the relevant Securityholder;
- (6) authorise the production of such notice in any applicable administrative or legal proceedings;
- (7) 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; (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.

### 3.5. *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. *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 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 the Principal Agent.

The Principal Agent shall use all reasonable endeavours 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.

**3.7. *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 the Principal Agent as provided above. After the delivery of an Exercise Notice the Securities which are the subject of such notice may not be transferred.

**3.8. *Securityholder Expenses***

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and 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

**3.9. *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.

**3.10. *Minimum Exercise Amount***

The number of Securities exercised on any Exercise Date, as determined by the Calculation Agent, must not be less than the Minimum Exercise Amount (if applicable) or, if a number in excess of the Minimum Exercise Amount, an integral multiple of the Integral Exercise Amount (if applicable). Any purported exercise of Securities in breach of this provision shall be void and of no effect.

**3.11. *Maximum Exercise Amount***

Where a Maximum Exercise Amount has been specified in Product Condition 1, if the Calculation Agent determines that the number of Securities being exercised on any Exercise Date by any Securityholder or a group of Securityholders (whether or not acting in concert) exceeds the Maximum Exercise Amount (a number equal to the Maximum Exercise Amount being the "**Quota**"), the Issuer may deem the Exercise Date for the first Quota of such Securities, selected on the basis of the chronological order in which the relevant Exercise Notice have been delivered, to be such day and the Exercise Date for each additional Quota of such Securities (and any remaining number thereof), selected in the same way as above, to be each of the succeeding Exercise Dates until all such Securities have been attributed with an Exercise Date, provided, however, that any such Securities for which the Exercise Date would thereby fall after the last occurring Exercise Date this day shall be deemed to be the Exercise Date. In any case where more than the Quota of Securities are exercised on

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the same day by Securityholder(s), the determination of the chronological order of settlement in respect of such Securities shall be at the sole discretion of the Issuer.

### **3. Redemption, Interest and Payments**

#### **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 by payment of the Redemption Cash Amount, such redemption to occur, subject as provided below, on or prior to the Maturity Date.

#### ***[If the Securities bear no interest:***

#### **3.2. Interest**

The Securities bear no interest and no payment shall be made in respect of any interest. For the avoidance of doubt, any references to payments of interest in these Product Conditions shall be deemed not to apply.]

#### ***[If the Securities bear interest:***

#### **3.3. Interest Amount**

Each Security bears interest from and including the Issue Date at the Interest Rate payable in arrear on the (or each), Interest Payment Date, as the case may be.

The amount of interest payable in respect of each Nominal Amount on the or each, Interest Payment Date as the case may be, 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 in the Interest Period and the Interest Rate Day Count Fraction.

#### **3.4. Accrual of Interest**

Each Security will cease to accrue interest from and including the Interest Cessation Date unless payment of the amount and/or delivery of any Physical Settlement 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 Physical Settlement Amount was due until such amount or delivery of such Physical Settlement 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 Physical Settlement Amount is postponed due to the occurrence of a Settlement Disruption Event.]

#### **3.5. Method of payment**

Subject as provided below, any amounts to be paid to the Securityholders will be transferred by an Agent on behalf of the Issuer to the relevant Clearing Agent for distribution to the Securityholders. 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.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in Settlement Currency of the Security, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate.

3.6. *Presentation*

Payments of principal and interest will be made in the manner provided in Product Condition 3.5 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.

3.7. *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.

3.8. *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 or Redemption Cash Amount as applicable. The purchase and/or holding of Securities does not confer on any holder of any Securities any rights (whether in respect of voting, distributions or otherwise) in relation to the Underlying [Asset] or any asset of any kind whatsoever by reference to which any Interest Amount or Redemption Cash Amount (as applicable) is calculated.

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 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.

3.10. *Redemption Risk*

Redemption of the Securities by way of payment of the Redemption Cash Amount 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.

### **3. Redemption, Interest and Payments**

#### **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 either:

3.1.1. if and to the extent Settlement means Cash Settlement, by payment of the Redemption Cash Amount; and

3.1.2. if and to the extent Settlement means Physical Settlement, by delivery of the Physical Settlement Amount,

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

**[If the issuer has the right to select either Cash Settlement or Physical Settlement insert:]**

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 Cash Settlement and/or Physical Settlement applies, provided that if the Issuer fails to give such notice the Securities shall be redeemed by payment of the Redemption Cash Amount in accordance with 3.1.1 above.]

**[If the Securities bear no interest:]**

#### **3.2. Interest**

The Securities bear no interest and no payment shall be made in respect of any interest. For the avoidance of doubt, any references to payments of interest in these Product Conditions shall be deemed not to apply.]

**[If the Securities bear interest:]**

#### **3.3. Interest Amount**

Each Security bears interest from and including the Issue Date at the Interest Rate payable in arrear on the or each, Interest Payment Date, as the case may be.

The amount of interest payable in respect of each Nominal Amount on the or each, Interest Payment Date as the case may be, 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 in the Interest Period and the Interest Rate Day Count Fraction.

#### **3.4. Accrual of Interest**

Each Security will cease to accrue interest from and including the Interest Cessation Date unless payment of the amount and/or delivery of any Physical Settlement 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 Physical Settlement Amount was due until such amount or delivery of such Physical Settlement 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 Physical Settlement Amount is postponed due to the occurrence of a Settlement Disruption Event.]

#### **3.5. Method of payment**

Subject as provided below, any amounts to be paid to the Securityholders will be transferred by an Agent on behalf of the Issuer to the relevant Clearing Agent for distribution to the Securityholders. 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.

3.6. *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.

3.7. *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.

3.8. *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, Physical Settlement Amount, Redemption Cash Amount or Disruption Cash Settlement Price as applicable.

Where the Physical Settlement Units are shares, 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 such shares.

3.9. *Delivery Notice*

If the Securities are to be redeemed by delivery of the Physical Settlement Amount as described in Product Condition 3.1, in order to obtain delivery of the Physical Settlement Amount in respect of a Security the relevant Accountholder must deliver to the Principal Agent, with a copy to the relevant Clearing 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 are 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; and
- (7) authorise the production of such notice in any applicable administrative or legal proceedings.

**3.10. Late delivery of Delivery Notice**

If the Delivery Notice is delivered to the Principal Agent or the copy is delivered to the relevant Clearing Agent after the close of business in the place of receipt on the Cut-off Date, then the Physical Settlement Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Physical Settlement 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 Physical Settlement 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 all Physical Settlement Units 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 Physical Settlement Units, and shall hold the proceeds (the "**Realised Physical Settlement Amount**") for the account of the relevant Securityholder, until presentation of the relevant Delivery Notice. Upon payment of the Realised Physical Settlement Amount as aforesaid, the Issuer's obligations in respect of such Security shall be discharged.

**3.11. 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.]

**3.12. 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 a Clearing Agent immediately after being delivered to the Principal 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 the Principal Agent and copied to such Clearing Agent.

The Principal Agent shall use all reasonable endeavours 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 the Principal Agent 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. *Delivery of the Physical Settlement Amount***

Subject as provided in the Conditions, the delivery of the Physical Settlement Amount shall be made at the risk of the relevant Securityholder and shall:

- (a) where a Clearing System is specified in the definition of Delivery Details and where a valid Delivery Notice has been delivered, be delivered to the securities account with the Clearing System specified by the relevant Securityholder in the relevant Delivery Notice; or
- (b) where a Clearing System is specified in the definition of Delivery Details and where a valid Delivery Notice has not been delivered, be transferred to the Clearing System for delivery to the relevant Securityholder; or
- (c) where a Clearing System is not specified in the definition of Delivery Details, be delivered in the manner set out in such definition,

PROVIDED THAT in the case of (a) and (b) where the Issuer determines in its sole discretion that delivery of all or any of the Physical Settlement Units in accordance with (a) or (b), as the case may be, is impractical, illegal or unduly onerous to the Issuer, then the Issuer shall have the option to deliver the relevant Physical Settlement Units in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery and shall notify to the Securityholders in accordance with General Condition 4. The Physical Settlement Amount shall be evidenced in such manner as the Issuer determines to be customary for the relevant Physical Settlement Units. The Issuer shall be under no obligation to register or procure the registration of any Securityholder or any other person as the registered holder in respect of the Physical Settlement Units in any register of holders of such Units, including, but not limited to, a register of members of a share company.

If the date for delivery of the Physical Settlement Amount is not a Delivery Day then such delivery shall not be made until the next following Delivery Day, subject to the occurrence of the Settlement Distribution Event.

**3.15. *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 Physical Settlement 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.

**3.16. *Settlement Disruption***

If, prior to the delivery in accordance with this Condition of a Physical Settlement Unit in respect of any Security, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Delivery Date for such Unit shall be postponed to the first following Delivery Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of all or any of the Physical Settlement Units 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 such Physical Settlement Units by payment of the Disruption Cash Settlement Price not later than on the third Delivery 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 Physical Settlement Unit due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

**3.17. *Intervening Period***

If redemption of a Security is to be by delivery of the Physical Settlement 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 Physical Settlement Units (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 Units 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 Units, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Units during the Intervening Period or (iii) be under any liability to the relevant Securityholder or any subsequent beneficial owner of such Units 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 Units during such Intervening Period.

**3.18. *Dividends***

Where the Physical Settlement Units are shares, any dividend or other similar amount in respect of any such Physical Settlement Unit to be delivered will be payable to the party that would receive such dividend or other amount according to market practice for a sale of the relevant Physical Settlement Unit executed on the Maturity Date and to be delivered in the same manner as such Physical Settlement Unit. Any such dividend or other amount to be paid to a Securityholder shall be paid to the account specified in the relevant Delivery Notice.

**3.19. *Redemption Risk***

Redemption of the Securities (whether by way of payment of the Redemption Cash Amount or the delivery of the Physical Settlement 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.

### 3. Redemption, Interest and Payments

#### 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 by payment of the Redemption Cash Amount, such redemption to occur, subject as provided below, on or prior to the Maturity Date.

If the Issuer exercises its Early Redemption Right in accordance with Product Condition 3.2, each Security entitles its holder to receive from the Issuer the Redemption Cash Amount, such redemption to occur, subject as provided below, on the Early Redemption Date.

#### 3.2. *Early Redemption Right*

The Issuer has the unconditional and irrevocable right (the “**Early Redemption Right**”), upon delivery of the Early Redemption Notice (as defined below), which delivery shall take place as soon as practicable following the relevant Early Redemption Valuation Date but which in any event shall be before the Early Redemption Date, to redeem the Securities in whole, but not in part, with effect on a Early Redemption Date.

“**Early Redemption Notice**” means the irrevocable notice given by the Issuer to the Securityholders in accordance with General Condition 4.1 that the Issuer will exercise its Early Redemption Right, which notice shall specify the Early Redemption Valuation Date.

#### **[If the Securities bear no interest:**

#### 3.3. *Interest*

The Securities bear no interest and no payment shall be made in respect of any interest. For the avoidance of doubt, any references to payments of interest in these Product Conditions shall be deemed not to apply.]

#### **[If the Securities bear interest:**

#### 3.4. *Interest Amount*

Each Security bears interest from and including the Issue Date at the Interest Rate payable in arrear on the or each, Interest Payment Date, as the case may be.

The amount of interest payable in respect of each Nominal Amount on the or each, Interest Payment Date as the case may be, 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 in the Interest Period and the Interest Rate Day Count Fraction.

#### 3.5. *Accrual of Interest*

Each Security will cease to accrue interest from and including the Interest Cessation Date unless payment of the amount and/or delivery of any Physical Settlement 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 Physical Settlement Amount was due until such amount or delivery of such Physical Settlement 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 Physical Settlement Amount is postponed due to the occurrence of a Settlement Disruption Event.]

3.6. *Method of payment*

Subject as provided below, any amounts to be paid to the Securityholders will be transferred by an Agent on behalf of the Issuer to the relevant Clearing Agent for distribution to the Securityholders. 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.

3.7. *Presentation*

Payments of principal and interest will be made in the manner provided in Product Condition 3.5 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.

3.8. *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.

3.9. *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 or Redemption Cash Amount as applicable. The purchase and/or holding of Securities does not confer on any holder of any Securities any rights (whether in respect of voting, distributions or otherwise) in relation to the Underlying [Asset] or any asset of any kind whatsoever by reference to which any Interest Amount or Redemption Cash Amount (as applicable) is calculated.

3.10. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and 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.

3.11. *Redemption Risk*

Redemption of the Securities by way of payment of the Redemption Cash Amount 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

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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

*[If the definition of "Underlying" in Product Condition 1 includes a Share or Shares, insert this section.]*

##### 4.1 Shares

*[If more than one Type of Underlying is set out in the definition of "Underlying" (a) the Product Condition 4 sections will need to be renumbered appropriately and (b) the following should be inserted:]*

This Product Condition 4.[1] and the definitions herein shall only apply in relation to any Share or Shares specified in the column headed "Type of Underlying" in the definition of "Underlying" in Product Condition 1. For any Underlying other than a Share or Shares which are specified in such column, other sections of this Product Condition 4, if and to the extent applicable, and the definitions therein shall apply.]

##### 4.1.1 Definitions:

**"Affiliate"** is as defined in Product Condition 1;

**"Other Exchange"** means, with respect to a Share, each exchange, trading system or quotation system other than the Reference Source on which such Share is listed, traded or quoted;

**"Reference Currency"** is as defined in Product Condition 1 or, if not defined in Product Condition 1, is the Settlement Currency;

**"Reference Level"** is as defined in Product Condition 1;

**"Reference Source"** is as defined in Product Condition 1;

**"Related Exchange"** means, unless otherwise defined in Product Condition 1, with respect to a Share, any exchange, trading system or quotation system on which options contracts or futures contracts on such Share are traded as determined by the Calculation Agent;

**"Relevant Country"** means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which a Share or the related Share Company has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country in which the Share Company is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

**"Relevant Time"** means, with respect to any Share, the relevant time by reference to

which the Calculation Agent determines the price or value of such Share for the purposes of determining the Reference Level;

**"Settlement Currency"** is as defined in Product Condition 1;

**"Share"** means the or, as the case may be, each share specified in the definition of "Underlying" in Product Condition 1; and

**"Share Company"** means, with respect to a Share, the issuer specified for such Share in the definition of "Underlying" in Product Condition 1.

#### 4.1.2 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 on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Product Conditions to determine the price or value of a Share.

**"Market Disruption Event"** means:

*[If the Reference Source for any Share is an exchange, a trading system or a quotation system insert:*

*[Insert the following two lines if section (ii) of Market Disruption Event definition is also used:*

(i) where the Reference Source for any Share is an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

4.1.2.1 the occurrence or existence on any Trading Day at the Relevant Time for such Share or at any time during the one hour period that ends at the Relevant Time for such Share:

(A) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):

4.1.2.1.1 of the Share on the Reference Source or any Other Exchange; or

4.1.2.1.2 in options contracts or futures contracts relating to the Share on any Related Exchange; or

(B) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to

such Share on any Related Exchange; or

- 4.1.2.2 the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A "**Scheduled Closing Time**" is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- 4.1.2.3 a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

*[Insert if the Reference Source for any Share is located in an Emerging Market Country:]*

- 4.1.2.4 where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
- (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
  - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
  - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
  - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country;
- or
- 4.1.2.5 a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines

## Clause 4 Adjustment Provisions : Shares

is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Share,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities[; and/.]

**[If the Reference Source for any Share is not an exchange or trading system or a quotation system insert:**

**[Insert the following two lines if section (i) of Market Disruption Event definition is also used:**

- (ii) where the Reference Source for any Share is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
  - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Share by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Product Condition 1 or in "Information relating to the Underlying", or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
  - (b) **[if section (i) is included above, insert:** any event occurs as described in 4.1.2.3 **[Insert if the Reference Source for any Share is located in an Emerging Market Country;** 4.1.2.4 and/or 4.1.2.5] above in relation to such Share,**] OR [if section (i) is not included above, insert 4.1.2.3, 4.1.2.4 and 4.1.2.5 here renumbered as 4.1.2.1, 4.1.2.2 and 4.1.2.3 respectively]**

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities.

### 4.1.3 Potential Adjustment Events

Following the declaration by a Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the relevant Share 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 dilutive or concentrative or other 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 a Related Exchange to options contracts or futures contracts on the relevant Share traded on that Related Exchange.

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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:

- 4.1.3.1 a subdivision, consolidation or reclassification of relevant Shares (unless it has resulted in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- 4.1.3.2 a distribution, issue or dividend to existing holders of the relevant 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) share capital or other securities of another issuer as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- 4.1.3.3 an extraordinary dividend;
- 4.1.3.4 a call by the Share Company in respect of relevant Shares that are not fully paid;
- 4.1.3.5 a repurchase by or on behalf of the Share Company or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- 4.1.3.6 in respect of a Share Company, an event that results in any shareholder rights being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent;
- 4.1.3.7 any redemption of shareholder rights referred to in 4.1.3.6 above; and
- 4.1.3.8 any other event that may have a diluting or concentrative or other effect on the theoretical value of the relevant Shares.

### 4.1.4. *Merger Event, Tender Offer, De-Listing, Nationalisation and Insolvency*

If a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency occurs in relation to relevant Shares and/or the relevant Share Company, as the case may be, the Issuer may take any action described in 4.1.4.1, 4.1.4.2 or 4.1.4.3 below:

## Clause 4 Adjustment Provisions : Shares

- 4.1.4.1 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, Tender Offer, 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, Tender Offer, De-Listing, Nationalisation or Insolvency made by an options exchange to options on the Share traded on that options exchange; or
- 4.1.4.2 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, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4; or
- 4.1.4.3 following any adjustment to the settlement terms of options on the Shares traded on such exchange(s) or trading system(s) or quotation system(s) as the Calculation Agent in its reasonable discretion shall select (the "**Options Reference Source**") 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 Reference Source. If options on the Shares are not traded on the Options Reference Source, 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 Reference Source, to account for the Merger Event, Tender Offer, 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 Reference Source if such options were so traded.

Upon the occurrence of a Merger Event, Tender Offer, 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, Tender Offer, 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 occurs and the time at which it is reported to Securityholders.

**"De-Listing"** means, for any Share for which the Reference Source is an exchange or a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, such Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or

#### Clause 4 Adjustment Provisions : Shares

re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

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

**"Merger Date"** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**"Merger Event"** means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in reclassification or change of all of such Shares outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Valuation Date or, if there is more than one Valuation Date, the final Valuation Date.

**"Nationalisation"** means that all the Shares or all or substantially all of the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

#### 4. Adjustment Provisions

*[If the definition of "Underlying" in Product Condition 1 includes a Share or Shares, which is or which are to be replaced under certain conditions, insert this section:]*

##### 4.1 Shares

*[If more than one Type of Underlying is set out in the definition of "Underlying" (a) the Product Condition 4 sections will need to be renumbered appropriately and (b) the following should be inserted:]*

This Product Condition 4.[1] and the definitions herein shall only apply in relation to any Share or Shares specified in the column headed "Type of Underlying" in the definition of "Underlying" in Product Condition 1. For any Underlying other than a Share or Shares which are specified in such column, other sections of this Product Condition 4, if and to the extent applicable, and the definitions therein shall apply.]

##### 4.1.1 Definitions:

**"Affiliate"** is as defined in Product Condition 1;

**"Other Exchange"** means, with respect to a Share, each exchange, trading system or quotation system other than the Reference Source on which such Share is listed, traded or quoted;

**"Reference Currency"** is as defined in Product Condition 1 or, if not defined in Product Condition 1, is the Settlement Currency;

**"Reference Level"** is as defined in Product Condition 1;

**"Reference Source"** is as defined in Product Condition 1;

**"Related Exchange"** means, unless otherwise defined in Product Condition 1, with respect to a Share, any exchange, trading system or quotation system on which options contracts or futures contracts on such Share are traded as determined by the Calculation Agent;

**"Relevant Country"** means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which a Share or the related Share Company has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country in which the Share Company is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

**"Relevant Time"** means, with respect to any Share, the relevant time by reference to which the Calculation Agent determines the price or value of such Share for the purposes of determining the Reference Level;



**"Settlement Currency"** is as defined in Product Condition 1;

**"Share"** means the or, as the case may be, each share specified in the definition of "Underlying" in Product Condition 1; and

**"Share Company"** means, with respect to a Share, the issuer specified for such Share in the definition of "Underlying" in Product Condition 1.

#### 4.1.2 *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 on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Product Conditions to determine the price or value of a Share.

**"Market Disruption Event"** means:

*[If the Reference Source for any Share is an exchange, a trading system or a quotation system insert:*

*[Insert the following two lines if section (ii) of Market Disruption Event definition is also used:*

(i) where the Reference Source for any Share is an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

4.1.2.1 the occurrence or existence on any Trading Day at the Relevant Time for such Share or at any time during the one hour period that ends at the Relevant Time for such Share:

(A) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):

4.1.2.1.1 of the Share on the Reference Source or any Other Exchange; or

4.1.2.1.2 in options contracts or futures contracts relating to the Share on any Related Exchange; or

(B) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Share on any Related Exchange; or

4.1.2.2 the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour

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prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A "**Scheduled Closing Time**" is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or

- 4.1.2.3 a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

**[Insert if the Reference Source for any Share is located in an Emerging Market Country:]**

- 4.1.2.4 where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:

- (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
- (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
- (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
- (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or

- 4.1.2.5 a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Share,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities[; and/.]

**[If the Reference Source for any Share is not an exchange or trading system or a quotation system insert:**

**[Insert the following two lines if section (i) of Market Disruption Event definition is also used:**

- (ii) where the Reference Source for any Share is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
  - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Share by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Product Condition 1 or in "Information relating to the Underlying", or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
  - (b) **[if section (i) is included above, insert:** any event occurs as described in 4.1.2.3 **[Insert if the Reference Source for any Share is located in an Emerging Market Country;** 4.1.2.4 and/or 4.1.2.5] above in relation to such Share,] **OR [if section (i) is not included above, insert 4.1.2.3, 4.1.2.4 and 4.1.2.5 here renumbered as 4.1.2.1, 4.1.2.2 and 4.1.2.3 respectively]**

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities.

#### 4.1.3 Potential Adjustment Events

Following the declaration by a Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the relevant Share 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 dilutive or concentrative or other 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 a Related Exchange to options contracts or futures contracts on the relevant Share traded on that Related 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:

- 4.1.3.1 a subdivision, consolidation or reclassification of relevant Shares (unless it has resulted in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;

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- 4.1.3.2 a distribution, issue or dividend to existing holders of the relevant 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) share capital or other securities of another issuer as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- 4.1.3.3 an extraordinary dividend;
- 4.1.3.4 a call by the Share Company in respect of relevant Shares that are not fully paid;
- 4.1.3.5 a repurchase by or on behalf of the Share Company or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- 4.1.3.6 in respect of a Share Company, an event that results in any shareholder rights being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent;
- 4.1.3.7 any redemption of shareholder rights referred to in 4.1.3.6 above; and
- 4.1.3.8 any other event that may have a diluting or concentrative or other effect on the theoretical value of the relevant Shares.

### 4.1.4. *Merger Event, Tender Offer, De-Listing, Nationalisation and Insolvency*

If a De-Listing occurs in relation to a Share (such Share being a "**Disrupted Share**"), the Calculation Agent shall substitute the Disrupted Share in the Basket with a Replacement Basket Constituent (as defined below) on the effective date for such De-Listing (the "**De-Listing Date**"), whereupon:

- (i.) the Replacement Basket Constituent and its issuer will be deemed a "Basket Constituent" and a "Share Company" respectively,
- (ii.) the Calculation Agent will adjust the Coupon Reference Level for such Replacement Basket Constituent so that the ratio of the Specified Spot Price for that Replacement Basket Constituent to the Coupon Reference Level for the Replacement Basket Constituent equals the ratio of the Specified Spot Price for the Disrupted Share to the Coupon Reference Level for the Disrupted Share immediately prior to the De-Listing Date, and
- (iii.) if necessary, the Calculation Agent will adjust any other relevant terms accordingly.

If a Share-for-Share Merger Event or a Share-for-Combined Merger Event occurs in relation to a Share (such Share being a "**Disrupted Share**") and the Issuer of the New Basket Constituents is not already a Share Company, then, on or after the relevant Merger Date, the Calculation Agent shall adjust the Basket to include the

#### Clause 4 Adjustment Provisions : Shares, with Replacement Provision

relevant quantity of the New Basket Constituents to which a holder of the Share immediately prior to the occurrence of the Merger Event would be entitled upon consummation of the Merger Event. Accordingly:

- (i.) the New Basket Constituent and its issuer will be deemed a "Basket Constituent" and a "Share Company" respectively
- (ii.) the Calculation Agent will adjust the Coupon Reference Level for such New Basket Constituent so that the ratio of the Specified Spot Price for that New Basket Constituent to the Coupon Reference Level for the New Basket Constituent equals the ratio of the Specified Spot Price for the Disrupted Share to the Coupon Reference Level for the Disrupted Share immediately prior to the occurrence of the Merger Event, and
- (iii.) if necessary, the Calculation Agent will adjust any other relevant terms accordingly.

If a Share-for-Other Merger Event, or a Share-for-Share Merger Event or a Share-for-Combined Merger Event where the issuer of the New Basket Constituents is a Share Company, occurs in relation to a Share (such Share being a "**Disrupted Share**"), then, on or after the relevant Merger Date, the Calculation Agent shall adjust the Basket by substituting the Disrupted Share in the Basket with a Replacement Share (as defined below) upon consummation of the Merger Event. Accordingly:

- (i.) the Replacement Basket Constituent and its issuer will be deemed a "Basket Constituent" and a "Share Company" respectively,
- (ii.) the Calculation Agent will adjust the Coupon Reference Level for such Replacement Basket Constituent so that the ratio of the Specified Spot Price for that Replacement Basket Constituent to the Coupon Reference Level for the Replacement Basket Constituent equals the ratio of the Specified Spot Price for the Disrupted Share to the Coupon Reference Level for the Disrupted Share immediately prior to the occurrence of the Merger Event, and
- (iii.) if necessary, the Calculation Agent will adjust any other relevant terms accordingly;

If a Nationalisation or Insolvency occurs in relation to a Share (such Share being a "Disrupted Share"), the Calculation Agent shall substitute the Disrupted Share in the Basket with a Replacement Basket Constituent (as defined below) on the effective date of such event. Accordingly:

- (i.) the Replacement Basket Constituent and its issuer will be deemed a "Basket Constituent" and a "Share Company" respectively,
- (ii.) the Calculation Agent will adjust the Coupon Reference Level for such Replacement Basket Constituent so that the ratio of the Specified Spot Price for that Replacement Basket Constituent to the Coupon Reference Level for the Replacement Basket Constituent equals the ratio of the Specified Spot Price for the Disrupted Share to the Coupon Reference Level for the Disrupted Share immediately prior to the occurrence of such event, and, if necessary, the Calculation Agent will adjust any other relevant terms accordingly;

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

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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 notified to Securityholders.

**"Replacement Basket Constituent"** means[, in the determination of the Calculation Agent in its sole discretion, the share with the highest free-float capitalisation in the same Industry Sector and the same Region as that of the Disrupted Share on the De-Listing Date or the Merger Date or the relevant effective date, as applicable, such free-float capitalisation as announced by the Morgan Stanley Capital Index ("**MSCI**"), provided that such share is not a Share.] [●]

**"Industry Sector"** means, in respect of a Share, the industry sector allocated to such share by MSCI and as set out for that Share under the definition of Basket in the column headed "MSCI Industry Sector" and, in respect of a Replacement Basket Constituent, the industry sector allocated to such Replacement Basket Constituent by MSCI.] [●]

**"Region"** means, in respect of a Share, the region (either "**USA**" or "**Europe**") in which the Share Company is incorporated and as set out for that Share under the definition of Basket in the column headed "Region" and, in respect of a Replacement Basket Constituent, the region (either "USA" or "Europe") in which the issuer of such Replacement Basket Constituent is incorporated.] [●]

**"De-Listing"** means, for any Share for which the Reference Source is an exchange or a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, such Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

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

**"Merger Date"** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**"Merger Event"** means, in relation to a Share, any (i) reclassification of or change to such Share that results in a transfer of or an irrevocable commitment to transfer all holdings of such Share outstanding, (ii) consolidation, amalgamation or merger of the relevant 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 a reclassification of or change to such Share) or (iii) other takeover offer for the relevant Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than holdings of such Share owned or controlled by the offeror), in each case if the Merger Date is on or before the final Valuation Date

In respect of each Merger Event, the following terms have the meanings given below:

- (i) **"Share-for-Share"** means, in respect of a Merger Event, that the consideration for the relevant Share consists (or, at the option of the holder of such Shares, may consist) solely of New Basket Constituents;

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- (ii) **"Share-for-Other"** means, in respect of a Merger Event, that the consideration for the relevant Share consists solely of Other Consideration;
- (iii) **"Share-for-Combined"** means, in respect of a Merger Event, that the consideration for the relevant Share consists of Combined Consideration;
- (iv) **"New Basket Constituent"** means the share offered (whether those of the offeror or of a third party);
- (v) **"Other Consideration"** means cash and/or any securities (other than New Basket Constituents) or assets (whether those of the offeror or of a third party); and
- (vi) **"Combined Consideration"** means New Basket Constituents in combination with Other Consideration.

**"Nationalisation"** means that all holdings of the Share or all the assets or substantially all the assets of a Share Company (other than holdings of such Share 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.

#### 4. Adjustment Provisions

*[If the definition of "Underlying" in Product Condition 1 includes an Index or Indices, insert this section.]*

##### 4.1 Indices

*[If more than one Type of Underlying is set out in the definition of "Underlying" (a) the Product Condition 4 sections will need to be renumbered appropriately and (b) the following should be inserted:]*

This Product Condition 4.[1] and the definitions herein shall only apply in relation to any Index or Indices specified in the column headed "Type of Underlying" in the definition of "Underlying" in Product Condition 1. For any Underlying other than an Index or Indices which are specified in such column, other sections of this Product Condition 4, if and to the extent applicable, and the definitions therein shall apply.]

##### 4.1.1 Definitions:

**"Affiliate"** is as defined in Product Condition 1;

**"Index"** means (i) the or, as the case may be, each index specified in the definition of "Underlying" in Product Condition 1 (each a **"Principal Index"**) and (ii) any index included in any Principal Index (a **"Sub-Index"**);

**"Index Constituent"** means any security or other asset or reference value (other than a Sub-Index) constituting an Index at a relevant time;

**"Index Sponsor"** means (i) in relation to a Principal Index, the sponsor specified for such Principal Index in the definition of "Underlying" in Product Condition 1 and (ii) in relation to a Sub-Index, the entity determined by the Calculation Agent to be principally responsible for the determination and publication of such Sub-Index, provided that, in either case all references to an Index Sponsor shall include any Successor Sponsor (as defined below);

**"Reference Currency"** (i) in relation to a Principal Index, is as defined in Product Condition 1 or, if not defined in Product Condition 1, is the Settlement Currency and (ii) in relation to an Index Constituent or a Sub-Index, is the currency in which the Index Constituent or Sub-Index is denominated or quoted or with which it is most closely connected, as determined by the Calculation Agent;

**"Reference Level"** is as defined in Product Condition 1;

**"Reference Source"** (i) in relation to a Principal Index, is as defined in Product Condition 1 and (ii) in relation to any Sub-Index or Index Constituent, is the reference source or reference sources determined by the Calculation Agent to be applicable to the valuation of such Sub-Index or such Index Constituent, as the case may be, for the purposes of determining the Reference Level;

**"Related Exchange"** means, unless otherwise defined in Product Condition 1, with respect to an Index or an Index Constituent, any exchange, trading system or quotation system on which options contracts or futures contracts on such Index or such Index Constituent are traded, as determined by the Calculation Agent;



**"Relevant Country"** means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which an Index or an Index Constituent has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country or countries in which the Index is calculated or published, the issuer of the Index Constituent is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

**"Relevant Time"** means, with respect to an Index or an Index Constituent, the relevant time by reference to which the relevant Index Sponsor determines the price or value of such Index or such Index Constituent for the purposes of determining the Reference Level; and

**"Settlement Currency"** is as defined in Product Condition 1.

#### 4.1.2 *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 on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Product Conditions to determine the level of an Index.

**"Market Disruption Event"** means:

*[If the Reference Source for any Index or Index Constituent is an exchange, a trading system or a quotation system insert:*

*[Insert the following three lines if section (ii) of Market Disruption Event definition is also used:*

- (i) where the Reference Source for an Index or an Index Constituent is an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

4.1.2.1 the occurrence or existence on any Trading Day at the Relevant Time for such Index or such Index Constituent or at any time during the one hour period that ends at the Relevant Time for such Index or such Index Constituent:

- (A) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by any Reference Source or any Related Exchange or otherwise):

4.1.2.1.1 on any Reference Source as a whole; or

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- 4.1.2.1.2 on any Related Exchange of any options contracts or futures contracts on or relating to any Index or any Index Constituent; or
- 4.1.2.1.3 on any exchange or trading system or quotation system on which an Index Constituent is listed or quoted of such Index Constituent; or
- (B) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for such Index or such Index Constituent on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Index or such Index Constituent on any Related Exchange; or
- 4.1.2.2 the closure on any Trading Day of any Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into such Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A "**Scheduled Closing Time**" is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- 4.1.2.3 a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

**[Insert if the Reference Source for any Index or Index Constituent is located in an Emerging Market Country]**

- 4.1.2.4 in relation to a Reference Currency for a Principal Index, a Sub-Index or an Index Constituent which is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
  - (i) converting such Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;

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- (ii) converting such Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
- (iii) delivering such Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
- (iv) transferring such Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or

- 4.1.2.5 a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise such Index Constituent or to effect transactions in relation to such Index,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities[; and/.]

***[If the Reference Source for any Index or Index Constituent is not an exchange or trading system or a quotation system insert:***

***[Insert the following three lines if section (i) of Market Disruption Event definition is also used:***

- (ii) where the Reference Source for an Index or an Index Constituent is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
  - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Index or Index Constituent by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Product Condition 1 or in "Information relating to the Underlying", or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
  - (b) ***[if section (i) is included above, insert:*** any event occurs, as described in 4.1.2.3. ***[Insert if the Reference Source for any Index or Index Constituent is located in an Emerging Market Country:***, 4.1.2.4.and/or 4.1.2.5] above in relation to any such Index or Index Constituent,] **OR** ***[if section (i) is not included above, insert 4.1.2.3, 4.1.2.4, and 4.1.2.5 here renumbered as 4.1.2.1, 4.1.2.2, and 4.1.2.3 respectively]***

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if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities.

### 4.1.3 *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 4.1.3.1 or 4.1.3.2 below.

4.1.3.1 If an Index is:

- 4.1.3.1.1 not calculated and announced by the relevant Index Sponsor but is calculated and published by a successor sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or
- 4.1.3.1.2 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 in each case that 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.

4.1.3.2 If:

- 4.1.3.2.1 4.1.3.2.1 on or prior to any date with respect to which the Calculation Agent is required by the Product Conditions to determine the level of an Index, the relevant Index Sponsor or, if applicable, the Successor Sponsor (i) makes or announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events) (an "**Index Modification**") or (ii) permanently cancels that Index (an "**Index Cancellation**") or (iii) fails to calculate and announce that Index (an "**Index Disruption**") and, in each case, Product Condition 4.1.3.1.1 or 4.1.3.1.2 does not apply,

then the Issuer may take any action described in 4.1.3.2.2 or 4.1.3.2.3 below:

- 4.1.3.2.2 require the Calculation Agent to determine the level of that Index on that date using, in lieu of a published level for that Index, the level for that Index as at that date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the Index Modification, Index Cancellation or Index Disruption but using only those Index Constituents that comprised that Index immediately prior to the Index Modification, Index Cancellation or Index Disruption; or

## Clause 4 Adjustment Provisions : Indices

4.1.3.2.3 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 Index Modification, Index Cancellation or Index Disruption, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4.

***[Insert for Deutsche Bank proprietary Index, if applicable.]***

Where provisions for the calculation of an Index are set out in "Information Relating to the Underlying Asset" attached hereto then, for the avoidance of doubt, all the provisions set out in such sections are an integral part of how such Index is calculated and no calculation of such Index pursuant to any such provisions (including, but not limited to, any change in any Applicable Percentage or any operation of the provisions, if any, set out therein) will constitute an Index Modification as referred to above in Product Condition 4.1.3.2.1 or necessitate any determination by the Calculation Agent pursuant to this Product Condition 4.1.3.2.]

4.1.3.3. 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 which occurs 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.

#### 4. Adjustment Provisions

*[If the definition of "Underlying" in Product Condition 1 includes an Index or Indices, which is or which are to be replaced under certain conditions, insert this section:*

##### 4.1 Indices

*[If more than one Type of Underlying is set out in the definition of "Underlying" (a) the Product Condition 4 sections will need to be renumbered appropriately and (b) the following should be inserted:*

This Product Condition 4.[1] and the definitions herein shall only apply in relation to any Index or Indices specified in the column headed "Type of Underlying" in the definition of "Underlying" in Product Condition 1. For any Underlying other than an Index or Indices which are specified in such column, other sections of this Product Condition 4, if and to the extent applicable, and the definitions therein shall apply.]

##### 4.1.1 Definitions:

**"Affiliate"** is as defined in Product Condition 1;

**"Index"** means (i) the or, as the case may be, each index specified in the definition of "Underlying" in Product Condition 1 (each a **"Principal Index"**) and (ii) any index included in any Principal Index (a **"Sub-Index"**);

**"Index Constituent"** means any security or other asset or reference value (other than a Sub-Index) constituting an Index at a relevant time;

**"Index Sponsor"** means (i) in relation to a Principal Index, the sponsor specified for such Principal Index in the definition of "Underlying" in Product Condition 1 and (ii) in relation to a Sub-Index, the entity determined by the Calculation Agent to be principally responsible for the determination and publication of such Sub-Index, provided that, in either case all references to an Index Sponsor shall include any Successor Sponsor (as defined below);

**"Reference Currency"** (i) in relation to a Principal Index, is as defined in Product Condition 1 or, if not defined in Product Condition 1, is the Settlement Currency and (ii) in relation to an Index Constituent or a Sub-Index, is the currency in which the Index Constituent or Sub-Index is denominated or quoted or with which it is most closely connected, as determined by the Calculation Agent;

**"Reference Level"** is as defined in Product Condition 1;

**"Reference Source"** (i) in relation to a Principal Index, is as defined in Product Condition 1 and (ii) in relation to any Sub-Index or Index Constituent, is the reference source or reference sources determined by the Calculation Agent to be applicable to the valuation of such Sub-Index or such Index Constituent, as the case may be, for the purposes of determining the Reference Level;

**"Related Exchange"** means, unless otherwise defined in Product Condition 1, with respect to an Index or an Index Constituent, any exchange, trading system or quotation system on which options contracts or futures contracts on such Index or such Index Constituent are traded, as determined by the Calculation Agent;

**"Relevant Country"** means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which an Index or an Index Constituent has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country or countries in which the Index is calculated or published, the issuer of the Index Constituent is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

**"Relevant Time"** means, with respect to an Index or an Index Constituent, the relevant time by reference to which the relevant Index Sponsor determines the price or value of such Index or such Index Constituent for the purposes of determining the Reference Level; and

**"Settlement Currency"** is as defined in Product Condition 1.

#### 4.1.2 *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 on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Product Conditions to determine the level of an Index.

**"Market Disruption Event"** means:

*[If the Reference Source for any Index or Index Constituent is an exchange, a trading system or a quotation system insert:*

*[Insert the following three lines if section (ii) of Market Disruption Event definition is also used:*

- (i) where the Reference Source for an Index or an Index Constituent is an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

4.1.2.1 the occurrence or existence on any Trading Day at the Relevant Time for such Index or such Index Constituent or at any time during the one hour period that ends at the Relevant Time for such Index or such Index Constituent:

- (A) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by any Reference Source or any Related Exchange or otherwise):

4.1.2.1.1 on any Reference Source as a whole; or

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- 4.1.2.1.2 on any Related Exchange of any options contracts or futures contracts on or relating to any Index or any Index Constituent; or
- 4.1.2.1.3 on any exchange or trading system or quotation system on which an Index Constituent is listed or quoted of such Index Constituent; or
- (B) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for such Index or such Index Constituent on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Index or such Index Constituent on any Related Exchange; or
- 4.1.2.2 the closure on any Trading Day of any Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into such Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A "**Scheduled Closing Time**" is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- 4.1.2.3 a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

**[Insert if the Reference Source for any Index or Index Constituent is located in an Emerging Market Country]**

- 4.1.2.4 in relation to a Reference Currency for a Principal Index, a Sub-Index or an Index Constituent which is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
  - (i) converting such Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;



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- (ii) converting such Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
- (iii) delivering such Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
- (iv) transferring such Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or

- 4.1.2.5 a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise such Index Constituent or to effect transactions in relation to such Index,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities[; and/.]

***[If the Reference Source for any Index or Index Constituent is not an exchange or trading system or a quotation system insert:***

***[Insert the following three lines if section (i) of Market Disruption Event definition is also used:***

- (ii) where the Reference Source for an Index or an Index Constituent is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
  - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Index or Index Constituent by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Product Condition 1 or in "Information relating to the Underlying", or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
  - (b) ***[if section (i) is included above, insert: any event occurs, as described in 4.1.2.3. [Insert if the Reference Source for any Index or Index Constituent is located in an Emerging Market Country:, 4.1.2.4.and/or 4.1.2.5] above in relation to any such Index or Index Constituent,] OR [if section (i) is not included above, insert 4.1.2.3, 4.1.2.4, and 4.1.2.5 here renumbered as 4.1.2.1, 4.1.2.2, and 4.1.2.3 respectively]***

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if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities.

### 4.1.3 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 4.1.3.1 or 4.1.3.2 below.

4.1.3.1 If an Index is:

- 4.1.3.1.1 not calculated and announced by the relevant Index Sponsor but is calculated and published by a successor sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or
- 4.1.3.1.2 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 in each case that 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.

4.1.3.2 If:

- 4.1.3.2.1 4.1.3.2.1 on or prior to any date with respect to which the Calculation Agent is required by the Product Conditions to determine the level of an Index, the relevant Index Sponsor or, if applicable, the Successor Sponsor (i) makes or announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events) (an "**Index Modification**") or (ii) permanently cancels that Index (an "**Index Cancellation**") or (iii) fails to calculate and announce that Index (an "**Index Disruption**") and, in each case, Product Condition 4.1.3.1.1 or 4.1.3.1.2 does not apply,

then the Calculation Agent shall substitute that Index (the "**Disrupted Index**") in the Basket with a Replacement Basket Constituent (as defined below) on the effective date of such event. Accordingly:

- (i.) the Replacement Basket Constituent and its sponsor will be deemed a "Basket Constituent" and a "Index Sponsor" respectively,
- (ii.) the Calculation Agent will adjust the Coupon Reference Level for such Replacement Basket Constituent so that the ratio of the Specified Spot Price for that Replacement Basket Constituent to the Coupon Reference Level for the Replacement Basket Constituent equals the ratio of the Specified Spot Price for the Disrupted Index to the Coupon Reference Level for the Disrupted Share immediately prior to the

Clause 4 Adjustment Provisions : Indices, with Replacement Provision

occurrence of such event, and, if necessary, the Calculation Agent will adjust any other relevant terms accordingly;

“**Replacement Basket Constituent**” means, in the determination of the Calculation Agent in its sole discretion, the index [...] provided that such index is not an Index.

*[Insert for Deutsche Bank proprietary Index, if applicable:]*

Where provisions for the calculation of an Index are set out in "Information Relating to the Underlying Asset" attached hereto then, for the avoidance of doubt, all the provisions set out in such sections are an integral part of how such Index is calculated and no calculation of such Index pursuant to any such provisions (including, but not limited to, any change in any Applicable Percentage or any operation of the provisions, if any, set out therein) will constitute an Index Modification as referred to above in Product Condition 4.1.3.2.1 or necessitate any determination by the Calculation Agent pursuant to this Product Condition 4.1.3.2.]

4.1.3.3. 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 which occurs 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.

#### 4. Adjustment Provisions

*[If the definition of "Underlying" in Product Condition 1 includes a Fund Share or Fund Shares, insert this section:]*

##### 4.1 Fund Shares

*[If more than one Type of Underlying is set out in the definition of "Underlying" (a) the Product Condition 4 sections will need to be renumbered appropriately and (b) the following should be inserted:]*

This Product Condition 4.[1] and the definitions herein shall only apply in relation to any Fund Share or Fund Shares specified in the column headed "Type of Underlying" in the definition of "Underlying" in Product Condition 1. For any Underlying other than a Fund Share or Fund Shares which are specified in such column, other sections of this Product Condition 4, if and to the extent applicable, and the definitions therein shall apply.]

##### 4.1.1 Definitions:

**"Administrator"** means, in relation to a Fund, any entity described as such in relation to the Fund in any Fund Information Document or which provides administrative, book-keeping or similar services (however described) to the Fund, all as determined by the Calculation Agent;

**"Affiliate"** is as defined in Product Condition 1;

**"Fund"** means, with respect to a Fund Share, the issuer specified for such Fund Share in the definition of "Underlying" in Product Condition 1;

**"Fund Information Document"** means, in relation to a Fund and a Fund Share, any offering circular, prospectus, information memorandum or similar document relating to the Fund and/or the Fund Share (including any document supplementing, amending or restating the same), all as determined by the Calculation Agent;

**"Fund Share"** means the or, as the case may be, each fund share or unit specified in the definition of "Underlying" in Product Condition 1;

**"Inclusion Date"** means, in relation to a Fund which is a Fund as of the Issue Date, the Issue Date, or, in relation to any other Fund, the date that such Fund became a Fund for the purposes of the Securities;

**"Manager"** means, in relation to a Fund, any entity described as such in relation to the Fund in any relevant Fund Information Document or which provides investment, managerial, broking or arrangement or similar services (however described) to the Fund, all as determined by the Calculation Agent;

**"Master Fund"** means, in relation to a Fund, any entity described as such in relation to the Fund in any relevant Fund Information Document or which acts as a master fund, feeder fund or umbrella fund or similar entity (however described) in relation to the Fund, all as determined by the Calculation Agent;

**"Net Asset Value"** means, in relation to a Fund Share, the net asset value or other equivalent value for such Fund Share as determined by the Calculation Agent;

## Clause 4 Adjustment Provisions : Fund Shares

**"Other Exchange"** means, with respect to a Fund Share, each exchange, trading system or quotation system other than the Reference Source on which such Fund Share is listed, traded or quoted;

**"Realisation Date"** means, for the purposes of substituting any Fund Share pursuant to Product Condition 4.1.3:

*[insert one of the following options]*

[(i) the fifth Trading Day following the Substitution Determination Date or, if earlier,

(ii) the *[insert number]* Trading Day prior to any date falling [on or] after the Substitution Determination Date on which the Calculation Agent would be required by the Product Conditions to determine the price or value of such Fund Shares;]

**/OR:**

[the earliest of

(i) the date on which the Calculation Agent determines that a market counterparty holding the Fund Shares to be substituted (including the Issuer or any Affiliate, if applicable) would be able to reasonably liquidate, redeem or otherwise dispose of such Fund Shares;

(ii) the date falling one year after the Substitution Determination Date; and

(iii) the *[insert number]* Trading Day prior to any date falling [on or] after the Substitution Determination Date on which the Calculation Agent would be required by the Product Conditions to determine the price or value of such Fund Shares;]

**"Reference Currency"** is as defined in Product Condition 1 or, if not defined in Product Condition 1, is the Settlement Currency;

**"Reference Level"** is as defined in Product Condition 1;

**"Reference Source"** is as defined in Product Condition 1;

**"Related Exchange"** means, unless otherwise defined in Product Condition 1, with respect to a Fund Share, any exchange, trading system or quotation system on which options contracts or futures contracts on such Fund Share are traded as determined by the Calculation Agent;

**"Relevant Country"** means each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which a Fund Share or the related Fund has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country in which the Fund is incorporated or organised and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent;

**"Relevant Time"** means, with respect to any Fund Share, the relevant time by reference to which the Calculation Agent determines the price or value of such Fund Share for the purposes of determining the Reference Level;

**"Settlement Currency"** is as defined in Product Condition 1; and

**"Substitution Determination Date"** is as defined in Product Condition 4.1.3 below.

#### 4.1.2 *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 on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Product Conditions to determine the price or value of a Fund Share.

**"Market Disruption Event"** means:

*[If the Reference Source for any Fund Share is an exchange, a trading system or a quotation system insert:*

*[Insert the following two lines if section (ii) of Market Disruption Event definition is also used:*

(i) where the Reference Source for any Fund Share is an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

4.1.2.1 the occurrence or existence on any Trading Day at the Relevant Time for such Fund Share or at any time during the one hour period that ends at the Relevant Time for such Fund Share:

(A) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):

4.1.2.1.1 of Fund Share on the Reference Source or any Other Exchange; or

4.1.2.1.2 in options contracts or futures contracts relating to the Fund Share on any Related Exchange; or

(B) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Fund Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Fund Share on any Related Exchange; or

4.1.2.2 the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or

## Clause 4 Adjustment Provisions : Fund Shares

such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A "**Scheduled Closing Time**" is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or

- 4.1.2.3 a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

***[Insert if the Reference Source for any Fund Share is located in an Emerging Market Country:***

- 4.1.2.4 where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:

- (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
- (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
- (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
- (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or

- 4.1.2.5 a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Fund Share,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any

## Clause 4 Adjustment Provisions : Fund Shares

hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities[; and/.]

**[If the Reference Source for any Fund Share is not an exchange or trading system or a quotation system insert:**

**[Insert the following two lines if section (i) of Market Disruption Event definition is also used:**

- [(ii)] where the Reference Source for any Fund Share is not an exchange a trading system or a quotation system as determined by the Calculation Agent,
  - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Fund Share by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Product Condition 1 or in "Information relating to the Underlying", or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
  - (b) **[if section (i) is included above, insert:** any event occurs as described in 4.1.2.3 **[Insert if the Reference Source for any Fund Share is located in an Emerging Market Country;** 4.1.2.4 and 4.1.2.5] above in relation to such Share,**] OR [if section (i) is not included above, insert 4.1.2.3, 4.1.2.4 and 4.1.2.5 here renumbered as 4.1.2.1, 4.1.2.2 and 4.1.2.3 respectively]**

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities.

**[Insert if there shall be wide discretion to deal with fund events:**

### 4.1.3 Extraordinary Fund Events

If an Extraordinary Fund Event occurs or has occurred in relation to a Fund or its Fund Shares (each such Fund, an "**Affected Fund**"), the Issuer may take any action described in 4.1.3.1, [or] 4.1.3.2 [or 4.1.3.3] below:

4.1.3.1 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 that Extraordinary Fund Event and determine the effective date of that adjustment; or

4.1.3.2 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 Extraordinary Fund Event less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4; [or]



## Clause 4 Adjustment Provisions : Fund Shares

[4.1.3.3 determine that such Fund shall be replaced in accordance with Product Condition 4.1.4 below and determine the relevant "**Substitution Determination Date**", being the date such determination is made or such other date as the Issuer determines to be appropriate by reference to such factor(s) as it may select including, without limitation, any hedging arrangements carried out by the Issuer and/or any of its Affiliates in relation to the Securities],

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities.

The Calculation Agent may, but need not, determine the appropriate adjustment for the purposes of (1) above by reference to the adjustment in respect of such Extraordinary Fund Event made by a Related Exchange (if any) to options contracts or futures contracts on the relevant Fund Share traded on that Related Exchange. Any adjustment or replacement made to account for an Extraordinary Fund Event may take into account, as the Calculation Agent deems appropriate, any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for the Issuer or any Affiliate as a result of the Extraordinary Fund Event. Such change in tax consequences may include, but is not limited to, any changes resulting from any hedging arrangements carried out by the Issuer or any Affiliate in relation to Securities. If any adjustment or replacement is made to account for any Extraordinary Fund Event, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4, stating the adjustment or replacement made and giving brief details of the Extraordinary Fund Event.

**"Extraordinary Fund Event"** means any of the following:

- (i) any change and/or modification of the currency, strategy, objectives, guidelines and/or investment policies of a Fund or a Master Fund (including but not limited to any change and/or modification of the Fund Information Document) from those prevailing on the Inclusion Date;
- (ii) the insolvency, liquidation (whether voluntary or involuntary) or bankruptcy of, or any analogous proceedings affecting, a Fund, its Manager, its Administrator or its Master Fund;
- (iii) the cancellation of the registration or the approval of a Fund, its Manager or its Master Fund by any relevant authority; or any suspension of a Fund, its Manager or its Master Fund by any relevant authority; or a Fund, its Manager or its Master Fund becomes subject to any investigation by any relevant governmental, legal or regulatory authority;
- (iv) the occurrence of a Fund Merger Event (as defined below);
- (v) a Market Disruption Event continues for **[Insert number]** consecutive Trading Days;
- (vi) the Fund or any party acting on its behalf imposes any restriction, charge or fee in respect of the purchase, subscription, sale or redemption of Fund

#### Clause 4 Adjustment Provisions : Fund Shares

Shares (other than any restriction, charge or fee in existence as at the Inclusion Date);

- (vii) where a buy or sell order is submitted by Deutsche Bank or any Affiliate in accordance with the relevant procedures of a Fund, the inability of Deutsche Bank AG or any Affiliate to buy or sell Fund Shares on any Trading Day at, or at a value that equates to, the Net Asset Value of Fund Share for such Trading Day;
- (viii) any action is taken, or proposed to be taken, by an authority leading to, or which could reasonably be expected to lead to, the adoption or promulgation of, or any change in, any applicable law or regulation after the Inclusion Date, or the issuance of any directive or any change in the interpretation thereof, whether formal or informal, by any court, tribunal or regulatory authority after the Inclusion Date (any such action, proposed action, adoption, promulgation or change, a "Change"), as a result of which the Issuer or any of its Affiliates would, if holding, purchasing or selling any Fund Shares, (i) be required, or there is a substantial likelihood (as determined by the Calculation Agent) that the Issuer or any of its Affiliates would be required, to pay an amount in respect of tax (howsoever arising) which would not have been the case as of the Inclusion Date, or (ii) receive, or there is a substantial likelihood (as determined by the Calculation Agent) that the Issuer or any of its Affiliates would receive, a payment in respect of which an amount in respect of tax (howsoever arising) would be deducted which would not have been the case as of the Inclusion Date;
- (ix)
  - (a) as a result of any Change or for any other reason, it would be or would become unlawful or impractical for the Issuer or any of its Affiliates to hold, purchase or sell any Fund Shares and this was not the case as of the Inclusion Date, or
  - (b) [any event occurs that would, if Deutsche Bank AG and/or any of its Affiliates were holding, purchasing or selling any Fund Shares, have the effect of: (i) imposing on Deutsche Bank and/or any of its Affiliates, any reserve, special deposit, or similar requirement which did not exist as of the Inclusion Date or modifying any such requirement existing as at the Inclusion Date; or (ii) affecting the amount of regulatory capital that would have to be maintained by the Issuer and/or any of its Affiliates in connection with any hedging arrangements carried out by the Issuer or any Affiliate in relation to the Securities [subsequent to the Inclusion Date] or modifying any such requirement existing as at the Inclusion Date;
- (x) a redemption of Fund Shares in the form of a distribution of non-cash assets;
- (xi) [the provision by a Fund Manager, or any third party, to the Issuer or any of its Affiliates of any information with regard to the asset composition of a Fund that would lead to the presumption that a Fund or Manager is investing in illiquid assets and such investment could have a detrimental effect on the Net Asset Value of the relevant Fund;]
- (xii) a Fund ceases to trade and/or a Manager or Administrator ceases its activity as manager or administrator of such Fund;

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- (xiii) a change in Manager or Administrator occurs in circumstances not otherwise specified herein;
- (xiv) the occurrence of a Potential Fund Adjustment Event or a De-Listing (as defined below); or
- (xv) any event occurs as a result of which the determination of the Reference Level becomes and is likely to remain for the foreseeable future impossible or impracticable.

**"Potential Fund Adjustment Event"** means, in respect of a Fund or a Master Fund:

- (i) a subdivision, consolidation or reclassification of such Fund or Master Fund (unless a Fund Merger Event);
- (ii) an extraordinary distribution or dividend; or
- (iii) any other event (excluding a distribution or dividend) that may have an economic, dilutive, concentrative or other effect on the theoretical value of the Net Asset Value of such Fund.

**"De-Listing"** means, for any Fund Share for which the Reference Source is an exchange, a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, the Fund Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Fund Merger Event) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

**"Fund Merger Event"** means, in respect of a Fund, its Manager or its Master Fund:

- (i) an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund outstanding; or
- (ii) a consolidation, amalgamation or merger of such Fund, such Manager or such Master Fund with or into another fund or fund manager other than a consolidation, amalgamation or merger in which such Fund or its Master Fund or its Manager is the continuing Fund, Master Fund or Manager, as the case may be; or
- (iii) a takeover offer for such Fund, Master Fund or Manager that results in a transfer of or an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund or all the shares of such Manager (other than Fund Shares or shares owned or controlled by the offeror).]

***[Insert if there shall be less discretion to deal with fund events:***

### 4.1.3 *Extraordinary Fund Events*

Following the occurrence of a Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Fund Share and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the

## Clause 4 Adjustment Provisions : Fund Shares

Calculation Agent determines appropriate to account for that dilutive or concentrative or other effect; and (2) determine the effective date of that adjustment.

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.

The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Extraordinary Fund Event made by a Related Exchange (if any) to options contracts or futures contracts on the relevant Fund Share traded on that Related Exchange. Any adjustment or replacement made to account for an Extraordinary Fund Event may take into account, as the Calculation Agent deems appropriate, any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for the Issuer or any Affiliate as a result of the Extraordinary Fund Event. Such change in tax consequences may include, but is not limited to, any changes resulting from any hedging arrangements carried out by the Issuer or any Affiliate in relation to Securities.

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

- 4.1.3.1 a subdivision, consolidation or reclassification of relevant Fund Shares (unless a Fund Merger Event) or a free distribution or dividend of any such Fund Shares to existing holders by way of bonus, capitalisation or similar issue;
- 4.1.3.2 a distribution or dividend to existing holders of relevant Fund Shares of (1) such Fund Shares, or (2) other share capital or securities granting the right to payment of dividends, redemption amounts or other amounts and/or delivery of assets and/or the proceeds of liquidation of the Fund equally or proportionately with such payments or deliveries to holders of such Fund Shares, or (3) share capital or other securities of another issuer acquired by the Fund as a result of a “spin-off” or other similar transaction, or (4) 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;
- 4.1.3.3 an extraordinary dividend;
- 4.1.3.4 a call by the Fund in respect of relevant Fund Shares that are not fully paid;
- 4.1.3.5 the Fund repurchases, redeems or is required by any applicable regulatory authority to repurchase or redeem relevant Fund Shares (other than in accordance with normal redemption or realisation procedures for such Fund Shares) whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- 4.1.3.6 with respect to a Fund an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Fund (provided that any adjustment effected as a

## Clause 4 Adjustment Provisions : Fund Shares

result of such an event shall be readjusted upon any redemption of such rights);

- 4.1.3.7 the occurrence of a tender offer (a “**Tender Offer**”) by any entity or person to purchase more than 10 per cent. but less than 50 per cent. of the outstanding voting shares of any class of shares of the Fund, as determined by the Calculation Agent based upon the making of filings with governmental agencies and/or the nature and term of the Tender Offer; or
- 4.1.3.8 any material change in the formula for or the method of calculating of the net asset value or other price or value of the relevant Fund Share, or in the composition or weighting of the prices or assets on the basis of which such net asset value or other price or value is calculated; or
- 4.1.3.9 any other event that may have, in the opinion of the Calculation Agent, a dilutive or concentrative or other effect on the theoretical value of the Fund Shares.

### 4.1.4 *Merger Event, De-Listing, Insolvency and Other Event*

If a Fund Merger Event, De-Listing, Insolvency or Other Event occurs in relation to relevant Fund Shares, the Issuer may take any action described in 4.1.4.1, [or] 4.1.4.2 [or 4.1.4.3] below:

- 4.1.4.1 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 Fund Merger Event, De-Listing, Insolvency or Other Event, 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 Fund Merger Event, De-Listing, Insolvency or Other Event made by an options exchange to options on the Fund Share traded on that options exchange; or
- 4.1.4.2 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 Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4; or
- 4.1.4.3 determine that such Fund shall be replaced in accordance with Product Condition 4.1.5 below and determine the relevant “**Substitution Determination Date**”, being the date such determination is made or such other date as the Issuer determines to be appropriate by reference to such factor(s) as it may select including, without limitation, any hedging arrangements carried out by the Issuer and/or any of its Affiliates in relation to the Securities].

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Upon the occurrence of a Fund Merger Event, De-Listing, Insolvency or Other Event, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 stating the occurrence of the Fund Merger Event, De-Listing, Insolvency or Other Event, 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 occurs and the time at which it is reported to Securityholders.

**"De-Listing"** means, for any Fund Share for which the Reference Source is an exchange, a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, the Fund Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Fund Merger Event) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

**"Insolvency"** means, in relation to a Fund Share, (A) the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, winding-up or other cessation of trading of or any analogous proceeding in relation to (i) the relevant Fund or (ii) the relevant Master Fund or (iii) unless replaced with a successor acceptable to the Calculation Agent, the relevant Administrator or the relevant Manager or (B) all such Fund Shares are required to be transferred to a trustee, liquidator or other similar official.

**"Fund Merger Event"** means, in respect of a Fund, its Manager or its Master Fund:

- (i) an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund outstanding; or
- (ii) a consolidation, amalgamation or merger of such Fund, such Manager or such Master Fund with or into another fund or fund manager other than a consolidation, amalgamation or merger in which such Fund or its Master Fund or its Manager is the continuing Fund, Master Fund or Manager, as the case may be; or
- (iii) a takeover offer for such Fund, Master Fund or Manager that results in a transfer of or an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund or all the shares of such Manager (other than Fund Shares or shares owned or controlled by the offeror).

**"Other Event"** means:

- (i) the Administrator or the Manager or the administrator or the manager of the Master Fund ceases to act in its capacity as administrator or manager of the Fund or the Master Fund, as the case may be, and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent,
- (ii) a material modification of the investment objectives, investment policies, investment strategy, investment process or investment guidelines (however described) ("**investment guidelines**") of the Fund or the Master Fund,
- (iii) a material modification or breach (other than any modifications referred to in (ii) above) of the conditions in place for the relevant Fund and/or the relevant

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Master Fund (including but not limited to a modification or breach of the Fund Information Document or the memorandum and articles of association or other constitutional documents of the Fund or any offering circular, prospectus, information memorandum or similar document (including any document supplementing, amending or restating the same) or memorandum and articles of association or other constitutional documents of the Master Fund),

- (iv) interruption, breakdown or suspension of the calculation or publication of the net asset value or other value or price of the Master Fund,
- (v) a material modification of the type of assets in which the Fund and/or the Master Fund invests or the trading practices of the Fund or the Master Fund (including but not limited to a material deviation from the investment guidelines set out in any Fund Information Document) which, in the determination of the Calculation Agent, has or is likely to have a material effect on the hedging arrangements entered into by the Issuer and/or any of its Affiliates in respect of the Securities,
- (vi) the non-execution or partial execution or delayed execution by or on behalf of the Fund for any reason of a subscription or redemption order in respect of any Fund Shares given by the Issuer and/or any of its Affiliates,
- (vii) the Fund otherwise suspends redemptions of any Fund Shares,
- (viii) the Fund or any party acting on its behalf imposes any restriction, charge or fee in respect of a redemption or issue of Fund Shares (other than any restriction, charge or fee in existence as at the Issue Date of the Securities),
- (ix) the Fund, the Master Fund, the manager of the Master Fund or the Manager has any relevant licence, authorisation or registration cancelled or revoked by any applicable regulatory authority and/or the Issuer and/or any Affiliate is required by an applicable regulatory authority to dispose of any Fund Shares held in connection with any hedging arrangements relating to the Securities,
- (x) there is a change in the taxation treatment in any relevant jurisdiction in respect of any payments and/or deliveries made by a Fund or any reinvested amounts held by a Fund in respect of any Fund Shares as a result of which the amounts and/or assets realised by the Issuer and/or any Affiliate in connection with hedging arrangements relating to the Securities are materially reduced or otherwise adversely affected,
- (xi) any other event occurs in relation to the relevant Fund or the relevant Fund Shares, which, in the determination of the Calculation Agent, has a material adverse effect on the value of such Fund Shares and/or the hedging activities of the Issuer and/or any Affiliate in connection with the Securities and which is not a Potential Adjustment Event and/or
- (xii) the occurrence of a Potential Adjustment Event for which an adjustment in accordance with Product Condition 4.[1].3 above is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical.]

### 4.1 [4][5] Fund Substitution

#### Clause 4 Adjustment Provisions : Fund Shares

If the Issuer determines that Fund Shares (the "**Affected Fund Shares**") should be substituted pursuant to Product Condition 4.1 [3][4] above, the Calculation Agent shall, on or prior to the Realisation Date substitute the relevant Fund Shares with new fund shares (the "**New Fund Shares**" and the related fund, the "**New Fund**") provided the New Fund has the same or similar strategy, objectives, guidelines and investment policies as specified in the Fund Information Document (as determined by the Calculation Agent in its reasonable discretion) and provided that the currency of the New Fund Shares is the same as that for the Affected Fund Shares.

If Affected Fund Shares are substituted pursuant to this provision, the Calculation Agent shall make such adjustments to the Conditions as it in its reasonable discretion deems appropriate to account for such substitution. For the avoidance of doubt, the Calculation Agent shall determine the effect of such substitution on any relevant Reference Level by taking into account the contribution to the Reference Level of the Affected Fund Shares by reference to the value at which the Fund Shares of the Affected Fund could have been redeemed, liquidated or disposed of at the date that the substitution takes place (or, if any of the Affected Fund Shares could not reasonably be redeemed, liquidated or disposed of such value shall be deemed to be zero or such other value reflective of their market value, in the determination of the Calculation Agent).



#### 4. Adjustment Provisions

*[If the definition of "Underlying" in Product Condition 1 includes a Commodity or Commodities, insert this section:]*

##### 4.1 Commodities

*[If more than one Type of Underlying is set out in the definition of "Underlying" (a) the Product Condition 4 sections will need to be renumbered appropriately and (b) the following should be inserted:]*

This Product Condition 4.[1] and the definitions herein shall only apply in relation to any Commodity or Commodities specified in the column headed "Type of Underlying" in the definition of "Underlying" in Product Condition 1. For any Underlying other than a Commodity or Commodities which are specified in such column, other sections of this Product Condition 4, if and to the extent applicable, and the definitions therein shall apply.]

##### 4.1.1 Definitions:

**"Affiliate"** is as defined in Product Condition 1;

**"Commodity"** means the or, as the case may be, each commodity specified in the definition of "Underlying" in Product Condition 1;

**"Other Exchange"** means, with respect to a Commodity, each exchange, trading system or quotation system other than the Reference Source on which such Commodity is listed, traded or quoted;

**"Reference Currency"** is as defined in Product Condition 1 or, if not defined in Product Condition 1, is the Settlement Currency;

**"Reference Level"** is as defined in Product Condition 1;

**"Reference Source"** is as defined in Product Condition 1;

**"Related Exchange"** means, unless otherwise defined in Product Condition 1, with respect to a Commodity, any exchange, trading system or quotation system on which options contracts or futures contracts on such Commodity are traded as determined by the Calculation Agent;

**"Relevant Country"** means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which the Commodity, or the Reference Source, has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

**"Relevant Time"** means, with respect to any Commodity, the relevant time by reference to which the Calculation Agent determines the price or value of such Commodity for the purposes of determining the Reference Level; and

**"Settlement Currency"** is as defined in Product Condition 1.

#### 4.1.2 *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 on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Product Conditions to determine the price or value of a Commodity.

**"Market Disruption Event"** means:

*[If the Reference Source for any Commodity is an exchange, a trading system or a quotation system insert:*

*[Insert the following two lines if section (ii) of Market Disruption Event definition is also used:*

(i) where the Reference Source for any Commodity is an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

4.1.2.1 the occurrence or existence on any Trading Day at the Relevant Time for such Commodity or at any time during the one hour period that ends at the Relevant Time for such Commodity:

(A) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):

4.1.2.1.1 of the Commodity on the Reference Source or any Other Exchange; or

4.1.2.1.2 in options contracts or futures contracts relating to the Commodity on any Related Exchange; or

(B) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Commodity on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Commodity on any Related Exchange; or

4.1.2.2 the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session

Clause 4 Adjustment Provisions : Commodities

on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A "**Scheduled Closing Time**" is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or

- 4.1.2.3 a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

**[Insert if the Reference Source for any Commodity is located in an Emerging Market Country:]**

- 4.1.2.4 where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:

- (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
- (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
- (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
- (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or

- 4.1.2.5 a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Commodity,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities[; and/.]

**[If the Reference Source for any Commodity is not an exchange or trading system or a quotation system insert:**

**[Insert the following two lines if section (i) of Market Disruption Event definition is also used:**

- (ii) where the Reference Source for any Commodity is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
  - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Commodity by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Product Condition 1 or in "Information relating to the Underlying", or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
  - (b) **[if section (i) is included above, insert:** any event occurs as described in 4.1.2.3 **[Insert if the Reference Source for any Commodity is located in an Emerging Market Country;** 4.1.2.4 and/or 4.1.2.5] above in relation to such Commodity,**] OR [if section (i) is not included above, insert 4.1.2.3, 4.1.2.4 and 4.1.2.5 here renumbered as 4.1.2.1, 4.1.2.2 and 4.1.2.3 respectively]**

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities.

#### 4.1.3 Potential Adjustment Events

If a Potential Adjustment Event occurs or has occurred, the Calculation Agent shall (1) determine the appropriate adjustment, if any, to any one or more of the Conditions; 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 a Related Exchange to options contracts or futures contracts on the relevant Commodity traded on that Related 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:

- 4.1.3.1 the Commodity is traded on the Reference Source in a different quality or another composition (for example in a different degree of purity or with a different point of origin);
- 4.1.3.2 any other event or measure as a result of which the Commodity, as traded on the Reference Source, is changed or altered;

Clause 4 Adjustment Provisions : Commodities

4.1.3.3 option contracts or futures contracts on or relating to the Commodity as traded on any Related Exchange are altered in the manner described under Product Condition 4.[1].3.1 or 4.[1].3.2 above.

4.1.4. *Cessation of Trading and Other Termination Event*

4.1.4.1 Where the Reference Source for such Commodity is an exchange or a trading system or a quotation system, if the Reference Source announces that pursuant to the rules of such Reference Source, such Commodity ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent ("**Cessation of Trading**"), or

4.1.4.2 if, after the occurrence of a Potential Adjustment Event, an adjustment in accordance with Product Condition 4.1.3 above is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical ("**Other Termination Event**"),

the Issuer will 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 Cessation of Trading or Other Termination Event, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4.

Upon the occurrence of such Cessation of Trading or Other Termination Event, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 stating the occurrence of the Cessation of Trading or Other Termination Event. 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.

#### 4. Adjustment Provisions

*[If the definition of "Underlying" in Product Condition 1 includes an Other Security or Other Securities, insert this section:]*

##### 4.1 Other Securities

*[If more than one Type of Underlying is set out in the definition of "Underlying" (a) the Product Condition 4 sections will need to be renumbered appropriately and (b) the following should be inserted:]*

This Product Condition 4.[1] and the definitions herein shall only apply in relation to any Other Security or Other Securities specified in the column headed "Type of Underlying" in the definition of "Underlying" in Product Condition 1. For any Underlying other than an Other Security or Other Securities which are specified in such column, other sections of this Product Condition 4, if and to the extent applicable, and the definitions therein shall apply.]

##### 4.1.1 Definitions:

"**Affiliate**" is as defined in Product Condition 1;

"**Other Exchange**" means, with respect to an Other Security, each exchange, trading system or quotation system other than the Reference Source on which such Other Security is listed, traded or quoted;

"**Other Security**" means the or, as the case may be, each other security specified in the definition of "Underlying" in Product Condition 1;

"**Reference Currency**" is as defined in Product Condition 1 or, if not defined in Product Condition 1, is the Settlement Currency;

"**Reference Issuer**" means, unless otherwise defined in Product Condition 1, with respect to an Other Security, the entity specified as the issuer of such Other Security in the definition of "Underlying" in Product Condition 1.

"**Reference Level**" is as defined in Product Condition 1;

"**Reference Source**" is as defined in Product Condition 1;

"**Related Exchange**" means, with respect to an Other Security, any exchange, trading system or quotation system on which options contracts or futures contracts on such Other Security are traded as determined by the Calculation Agent;

"**Relevant Country**" means each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which an Other Security or the related Reference Issuer has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country in which the Reference Issuer is incorporated or organised and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent;

**"Relevant Time"** means, with respect to any Other Security, the relevant time by reference to which the Calculation Agent determines the price or value of such Other Security for the purposes of determining the Reference Level; and

**"Settlement Currency"** is as defined in Product Condition 1.

#### 4.1.2 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 on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Product Conditions to determine the price or value of an Other Security.

**"Market Disruption Event"** means:

*[If the Reference Source for any Other Security is an exchange, a trading system or a quotation system insert:*

*[Insert the following two lines if section (ii) of Market Disruption Event definition is also used:*

(i) where the Reference Source for any Other Security is an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

4.1.2.1 the occurrence or existence on any Trading Day at the Relevant Time for such Other Security or at any time during the one hour period that ends at the Relevant Time for such Other Security:

(A) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):

4.1.2.1.1 of the Other Security on the Reference Source or any Other Exchange; or

4.1.2.1.2 in options contracts or futures contracts relating to the Other Security on any Related Exchange; or

(B) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for Other Security on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Other Security on any Related Exchange; or

4.1.2.2 the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour



## Clause 4 Adjustment Provisions : Other Securities

prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A "**Scheduled Closing Time**" is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or

- 4.1.2.3 a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

**[Insert if the Reference Source for any Other Security is located in an Emerging Market Country:]**

- 4.1.2.4 where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:

- (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
- (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
- (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
- (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or

- 4.1.2.5 a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Other Security,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities[; and/.]



**[If the Reference Source for any Other Security is not an exchange or trading system or a quotation system insert:**

**[Insert the following three lines if section (i) of Market Disruption Event definition is also used:]**

- (ii) where the Reference Source for any Other Security is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
  - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Other Security by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Product Condition 1 or in "Information relating to the Underlying", or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
  - (b) **[if section (i) is included above, insert:** any event occurs as described in 4.1.2.3 **[Insert if the Reference Source for any Other Security is located in an Emerging Market Country:, 4.1.2.4 and 4.1.2.5]** above in relation to such Other Security,**] OR [if section (i) is not included above, insert 4.1.2.3, 4.1.2.4 and 4.1.2.5 here renumbered as 4.1.2.1, 4.1.2.2 and 4.1.2.3 respectively]**

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities.

#### 4.1.3 Potential Adjustment Events

If a Potential Adjustment Event occurs or has occurred, the Calculation Agent shall (1) determine the appropriate adjustment, if any, to any one or more of the Conditions; 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 a Related Exchange to options contracts or futures contracts on the relevant Other Security traded on that Related 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, unless such event is a De-Listing **[Insert if appropriate:** an Insolvency] or a Termination, (a) the Reference Issuer amends the terms and conditions of the Other Securities or irreversibly converts the Other Securities into other securities and/or (b) the aggregate amounts due under the Other Securities are altered (other than due to any scheduled redemption, amortisation or prepayment).

## Clause 4 Adjustment Provisions : Other Securities

### 4.1.4. De-Listing and Termination

**[Include Insolvency references and definition, if applicable.]**

If a De-Listing[, Insolvency] or Termination occurs in relation to relevant Other Securities or the related Reference Issuer, the Issuer may take any action described in 4.1.4.1, 4.1.4.2 or 4.1.4.3 below:

- 4.1.4.1 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 De-Listing[, Insolvency] or Termination, 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 De-Listing[, Insolvency] or Termination, as the case may be, made by an options exchange to options on the Other Security traded on that options exchange; or
- 4.1.4.2 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 De-Listing[, Insolvency] or Termination, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4; or
- 4.1.4.3 following any adjustment to the settlement terms of options on the Other Securities traded on such exchange(s) or trading system(s) or quotation system(s) as the Calculation Agent in its reasonable discretion shall select (the "**Options Reference Source**") 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 Reference Source. If options on the Other Securities are not traded on the Options Reference Source, 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 Reference Source, to account for the De-Listing[, Insolvency] or Termination, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Reference Source if such options were so traded.

As used herein:

"**De-Listing**" means, for any Other Security for which the Reference Source is an exchange, a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, such Other Security ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent; [and]

#### Clause 4 Adjustment Provisions : Other Securities

["**Insolvency**" means the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, winding-up or other cessation of trading or any analogous proceeding in relation to a Reference Issuer; and]

"**Termination**" means, in relation to an issue of Other Securities, such issue has been terminated, cancelled or otherwise ceased to be outstanding for any reason.



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**SECTION II: GENERAL INFORMATION**

**GENERAL CONDITIONS**

**GENERAL RISK FACTORS**

**GENERAL TAXATION INFORMATION**

**GENERAL SELLING AND TRANSFER RESTRICTIONS**

**GENERAL INFORMATION RELATING TO THE ISSUER**

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*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 Exercise, Redemption or 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 deem exercised, redeem or terminate the Securities early 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 deems exercised, redeems or terminates the Securities early, 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 agreement. 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

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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 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 if so required by the rules and regulations of each such stock exchange and the securities regulators in 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 such 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



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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

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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 as to 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

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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.

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## 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 this document. 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. Prospective purchasers should carefully consider the following discussion of risks and any product specific risk factors before deciding whether to invest in the Securities. However, these risk factors do not disclose all possible risks associated with an investment in the Securities, and additional risks may arise after the date of the offering.

No investment should be made in the Securities until after careful consideration of all those factors that 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 economic, political and regulatory 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. 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, tax and other circumstances; (ii) the information set out in this document and (iii) the Underlying.

The Securities may decline in value and investors 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 the risk might be of a decline in value of the Securities. Even where the Securities contain a 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, as the return of any such investment will depend, inter alia, upon such changes. More than one risk factor may have simultaneous effects 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. *Return is Based on the Value of the Underlying.*

An investment in the Securities involves risk regarding the value of the Underlying. Prospective purchasers should be experienced with respect to transactions in securities with a value derived from underlying securities.

The value of the Underlying 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 is a basket comprised of various assets, fluctuations in the value of any one asset

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may be offset or intensified by fluctuations in the value of other assets which comprise the Underlying.

The value of the Underlying may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro economic and political factors and speculation.

## 2.2. *The Historical Performance of the Underlying is Not an Indication of Its Future Performance*

The historical price of the Underlying does not indicate the future performance of the Underlying. Changes in the market price of the Underlying will affect the trading price of the Securities, but it is impossible to predict whether the market price of the Underlying will rise or fall.

## 2.3. *Exchange Rates*

An investment in the Securities may involve exchange rate risks. For example (i) the Underlying 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.

## 2.4. *Interest Rates*

An investment in the Securities may involve interest rate risk in that there may be fluctuations in the currency of denomination of the Underlying and/or the Securities.

Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macroeconomic factors, political 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 is denominated may affect the value of the Securities.

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

## 3. **Market Volatility**

Market volatility reflects the degree of instability and expected instability of the performance of the Underlying. 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 purchasers 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. Certain Risks Apply to Purchasers That Acquire the Securities for Hedging Purposes

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Prospective purchasers intending to purchase the Securities for the purpose of hedging their exposure to the Underlying 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. Furthermore, it may not be possible to liquidate the Securities at a price which directly reflects the value of the Underlying. Therefore, it is possible that investors could suffer substantial losses in the Securities notwithstanding losses suffered with respect to investments in or exposure to the Underlying.

Hedging transactions in order to limit the risks associated with the Securities might not be successful.

#### **4. The Securities May Be Illiquid**

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, redemption or maturity date.

#### **5. Deutsche Bank AG's Credit Ratings, Financial Condition and Results May Affect the Value of the Securities**

Actual or anticipated changes in Deutsche Bank AG's credit ratings, financial condition or results may affect the value of the Securities.

#### **6. The Roles of Deutsche Bank AG and Its Affiliates May Cause Conflicts of Interest**

The Issuer and its affiliates may from time to time engage in transactions involving the Underlying for their proprietary accounts and for accounts under their management. Such transactions may not be for the benefit of the holders of the Securities and may have a positive or negative effect on the value of the Underlying 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 and the introduction of such competing products into the marketplace may affect the value of the Securities.

The Issuer may use all or some of the proceeds received from the sale of the Securities to enter into hedging transactions, as further described under "General Information relating to the Issuer". The Issuer believes that such hedging activity will under normal circumstances not have a material impact on the value of the

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Securities. However, it cannot be assured that the Issuer's hedging activities will not affect such value. The value of the Securities might in particular be affected by the liquidation of all or a portion of the hedging positions (i) at or about the time of the maturity or expiration of the Securities or (ii), if the Securities provide for a knock-out or a similar feature, at the time when the price or value of the Underlying approaches the relevant price or level for the knock-out or other feature.

The Issuer may, in certain cases, act as market-maker for the Underlying, which might in particular be the case when the Issuer has also issued the Underlying. By such market-making, the Issuer will, to a large extent, itself determine the price of the Underlying, and consequently influence the value of the Securities. The prices quoted by the Issuer in its market-making function will not always correspond to the prices which would have formed without such market-making and in a liquid market."

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

The Issuer and/or its affiliates may acquire non-public information with respect to the Underlying, and neither the Issuer nor any of its affiliates undertakes to disclose any such information to any Securityholder. In addition, one or more of the Issuer's affiliates may publish research reports with respect to the Underlying

Such activities could present conflicts of interest and may affect the value of the Securities

#### **7. Maximum Exercise Amount**

If so indicated in the Conditions for any Securities that are exercisable by the holders thereof on more than a single date, 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.

#### **8. Minimum Exercise Amount**

If so indicated in the Conditions for any Securities that are exercisable by the holders thereof, a holder of such 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

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or, in the case of Securities settled by way of physical settlement (“**Physical Settlement 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.

#### **9. 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 settlement.

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

#### **10. 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 and what constitutes a Market Disruption Event

#### **11. 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 such provisions apply to the Securities and what constitutes a Settlement Disruption Event.

#### **12. 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

#### **13. 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 Principal Agent with a copy to the relevant Clearing 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



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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 Physical Settlement 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.***

#### **14. 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.

#### **15. 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.

#### **16. Insolvency**

If a bankruptcy proceeding is commenced in respect to the Issuer, the return to a Securityholder may be limited and any recovery will likely be substantially delayed.

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## 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.

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 holders and potential purchasers which may depend, amongst other things, upon the tax status of the holder or potential purchaser and may relate to – amongst other taxes and duties - stamp duty, stamp duty reserve tax, income tax, corporation tax, trade tax, capital gains tax, withholding tax, solidarity surcharge and inheritance tax.

For more specific information on the tax consequences please see the appropriate Country Addendum.

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

***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 on stamp duty and withholding tax only, are based on current legislation and German tax authority practice. 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, hold, transfer or redeem 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. For a more detailed description of the German withholding tax position the appropriate Country Addendum should be considered carefully.

### 3. Stamp Duty and Withholding Tax in the United Kingdom

The following paragraphs, which are intended as a general guide on stamp duty and withholding tax 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, hold, transfer or redeem 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.

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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 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.

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## 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.

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## GENERAL INFORMATION RELATING TO THE ISSUER

### 1. Incorporation, Registered Office, Issuing Branches, Objectives and 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 AG is a banking company with limited liability incorporated under the laws of the Federal Republic of Germany under registration number HRB 30 000. Deutsche Bank AG has its registered office at Taunusanlage 12, D-60325 in Frankfurt am Main, Germany.

Deutsche Bank AG is the parent company of Deutsche Bank group, consisting of banks, capital market companies, fund management companies, property finance companies, instalment financing and leasing companies, insurance companies, research and consultancy companies and other domestic and foreign companies (the “Deutsche Bank Group”). Deutsche Bank AG maintains branches in nearly all larger towns in the Federal Republic of Germany as well as in all major cities abroad (see <http://www.cib.db.com/central/globalpresence/index.html>). As of 31 December 2002 Deutsche Bank Group had approximately 1,700 branches and offices engaged in banking and other financial business worldwide.

The objective of Deutsche Bank AG, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. Deutsche Bank AG may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, Deutsche Bank AG, is entitled to transact all business and to take all steps which appear likely to promote its objectives, in particular to acquire and dispose of real estate, to establish branches at home and abroad, to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.

Deutsche Bank AG London is the London branch of the Deutsche Bank AG (“Deutsche Bank AG London”). On 12 January 1973, Deutsche Bank AG filed in the United Kingdom the documents required pursuant to section 407 of the Companies Act 1948 to establish a place of business within Great Britain. On 14 January 1993, Deutsche Bank AG registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales.

Deutsche Bank AG New York is the New York branch of Deutsche Bank AG and operates pursuant to license issued by the Superintendent of Banks of the State of New York on July 14, 1978.

### 2. Share Capital

As of 31 December 2002, the issued share capital of Deutsche Bank AG amounts to euro 1,591,946,869.76 consisting of 621,854,246 ordinary shares of no par-value. These shares are fully paid up and in registered form. The shares are listed for trading and official quotation on all of the German stock exchanges as well as the stock exchanges of Amsterdam, Brussels, London, Luxembourg, New York, Paris, Tokyo, Vienna and Zurich.

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### 3. Capitalisation of Deutsche Bank Group

As of 31 December 2002, Deutsche Bank Group had total assets of euro 758.4 billion, total liabilities of euro 728.4 billion and shareholders' equity of euro 30.0 billion.

### 4. Management

In accordance with German law, Deutsche Bank AG has both a **Supervisory Board** (*Aufsichtsrat*) and a **Board of Managing Directors** (*Vorstand*). These Boards are separate; no individual may be a member of both. The Supervisory Board appoints the members of the Board of Managing Directors and supervises the activities of the Board. The Board of Managing Directors represents Deutsche Bank AG and is responsible for its management.

The **Board of Managing Directors** consists of

|                           |  |
|---------------------------|--|
| Dr. Josef Ackermann       | Spokesman of the board and Chairman of the Group Executive Committee     |
| Dr. Clemens Börsig        | Chief Financial Officer (CFO) and (provisional) Chief Risk Officer (CRO) |
| Dr. Tessen von Heydebreck | Chief Administrative Officer (CAO)                                       |
| Hermann-Josef Lamberti    | Chief Operating Officer (COO)  |

The **Supervisory Board** consists of the following 20 members:

|                                    |  |
|------------------------------------|--|
| Dr. Rolf-E. Breuer                 | Chairman, Frankfurt am Main  |
| Heidrun Förster*                   | Deputy Chairperson, Deutsche Bank Privat- und Geschäftskunden 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 Privat- und Geschäftskunden 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     |

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|   |  |
|---|--|
| 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 (GmbH & Co. KG), Hamburg                         |
| Klaus Schwedler*                            | Deutsche Bank AG, Frankfurt am Main  |
| 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 |

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\* elected by the staff

The members of the Board of Managing Directors accept membership on the Supervisory Boards of other corporations within the limits prescribed by law.

The business address of each member of the Board of Managing Directors of Deutsche Bank AG is Taunusanlage 12, 60262 Frankfurt am Main, Germany.

## **5. Financial Year**

The financial year of Deutsche Bank AG is the calendar year.

## **6. Independent Auditors**

The independent auditors of Deutsche Bank AG are KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("KPMG"), Marie-Curie-Strasse 30, 60439 Frankfurt am Main, Germany. KPMG audited Deutsche Bank AG's annual financial statements for the years ending on 31 December 2000, 2001 and 2002, which were prepared in accordance with the German Commercial Code ("HGB"). In accordance with Section 292a HGB the consolidated financial statements of Deutsche Bank AG for the year ending 31 December 2000 were prepared in accordance with International Accounting Standards ("IAS") and audited by KPMG; for the year ending 31 December 2001 and 2002 the consolidated financial statements were prepared for the first time in accordance with the United States generally accepted accounting principles U.S. GAAP and audited by KPMG. In each case an unqualified auditor's certificate has been provided.

## **7. Authorisation**

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

## **8. 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 as more described fully in "9. Hedging Activities."

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## **9. Hedging Activities**

The Issuer may use all or some of the proceeds received from the sale of the Securities to purchase or maintain positions in the assets that are used to determine the relevant Underlying. The Issuer may also purchase or maintain positions in options, futures contracts, forward contracts or swaps, or options on such securities, or other derivative or similar instruments relating to the relevant underlying asset or the securities underlying the underlying asset. The Issuer may also use the proceeds to pay the cost and expenses of hedging any currency, interest rate or other Underlying-related risk relating to such Securities.

The Issuer expects that it or one or more of its affiliates will increase or decrease their initial hedging position over time using techniques which help evaluate the size of any hedge based upon a variety of factors affecting the value of the underlying instrument. These factors may include the history of price changes in that underlying instrument and the time remaining to maturity or expiration. The Issuer or one or more of its affiliates may take long or short positions in the underlying asset, the securities underlying the underlying asset, options, futures contracts, forward contracts, swaps, or other derivative or similar instruments related to the underlying asset and the securities underlying the underlying asset. These other hedging activities may occur from time to time before the Securities mature and will depend on market conditions and the value of the underlying asset and the securities underlying the underlying asset.

In addition, the Issuer may purchase or otherwise acquire a long or short position in the Securities from time to time and may, in its sole discretion, hold, resell, exercise, cancel or retire such offered securities. The Issuer may also take hedging positions in other types of appropriate financial instruments that may become available in the future.

If the Issuer has a long hedge position in, options contracts in, or other derivative or similar instruments related to, the securities underlying the underlying asset or the underlying asset, the Issuer may liquidate all or a portion of its holdings at or about the time of the maturity or expiration of the Securities. The aggregate amount and type of such positions are likely to vary over time depending on future market conditions and other factors. The Issuer is able to determine profits or losses from any such position only when the position is closed out and any offsetting position or positions are taken into account.

The Issuer has no reason to believe that its hedging activity will have a material impact on the price of such options, swaps, futures contracts, options on the foregoing, or other derivative or similar instruments or on the value of the underlying asset or the securities underlying the underlying asset. However, it cannot be assured that the Issuer's hedging activities will not affect such prices or value. The Issuer will use the remainder of the proceeds from the sale of the Securities for the general purposes described under "Use of Proceeds" above.

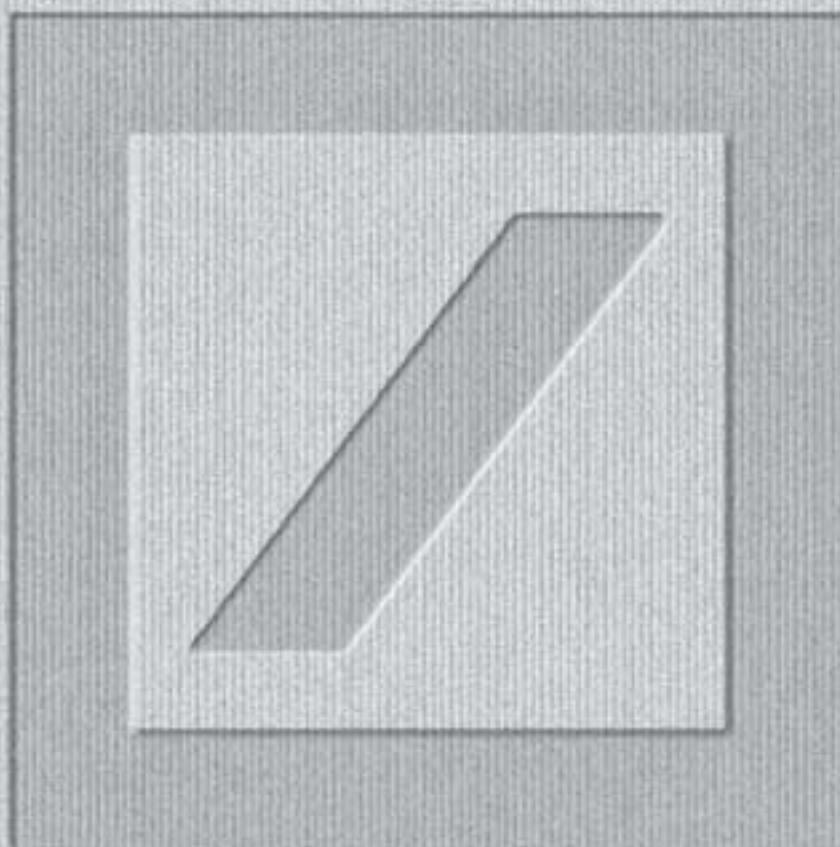
## **10. Annual Financial Statements**

The consolidated annual financial statement of Deutsche Bank AG as at 31 December 2002 is reproduced on the following pages.



# Results 2002

Annual Report according to § 292a HGB



Deutsche Bank



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## Management Discussion

You should read the following discussion and analysis in conjunction with the consolidated financial statements and the related notes to them. Our consolidated financial statements for the years ended December 31, 2002, 2001 and 2000 have been audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.

### Critical Accounting Policies

We have prepared the consolidated financial statements in this document in accordance with U.S. GAAP. In preparing our consolidated financial statements, we make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of our consolidated financial statements. These estimates and assumptions also affect 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 estimation and underlying assumptions. Since estimating future events and their effects cannot be perceived with certainty, these estimates and assumptions could result in materially different amounts reported if conditions or underlying circumstances were to change. A critical accounting estimate requires management to make assumptions about matters that are highly uncertain at the time the accounting estimate is made. It is dependent on events remote in time that may or may not occur or it is not capable of being readily calculated from generally accepted methodologies or derived with some degree of precision from available data. A critical accounting estimate also involves estimates where management could have reasonably used another estimate in the current accounting period. An estimate could also be deemed critical if changes in the accounting estimate are reasonably likely to occur from period to period and have a material impact on financial condition, changes in financial condition or results of operations. For a detailed discussion of these and other accounting policies, see Note [1] to the consolidated financial statements.

### 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 assumptions. The components of the allowance for loan losses include a specific loss component and an inherent loss component consisting of the country risk allowance, the smaller-balance standardized homogeneous loan loss allowance and the other inherent loss allowance. We believe that the accounting estimate related to the allowance for loan losses is a critical accounting estimate because the underlying assumptions used for both the specific and inherent loss components of the allowance can change from period to period. Such changes may materially affect the consolidated statement of income. The estimate for the allowance for loan losses is a critical accounting estimate for our Corporate Banking & Securities and Personal Banking Corporate Divisions.

The specific loss component is the allowance for losses on loans for which management believes we will be unable to collect all of the principal and interest due under the loan agreement. This component results in the largest portion of our allowance and requires consideration of various underlying factors. These assumptions include, but are not limited to, the financial strength of our customers, the expected future cash flows, fair value of underlying collateral or the market price of the loan. Some of the underlying factors used in determining the inherent loss component include, but are not limited to, historical loss experience and political, economic and other relevant factors. Significant changes in any of these factors could materially affect the consolidated statement of income. For example, if our current assumptions about expected future cash flows used in determining the specific loss component differ from actual results, we may need to make additional provisions for loan losses. In addition, the forecasted financial strength of any given customer may change due to various circumstances, such as future changes in the global economy or new information becoming available as to financial strength that may not have existed at the date of our estimates. This new information may require us to adjust our current estimates and make additional provisions for loan losses.

Our provision for loan losses totaled € 2.1 billion, € 1.0 billion and € 478 million for the year ended December 31, 2002, 2001 and 2000, respectively.

For further discussion on our allowance for loan losses, see our risk report and Notes [1], [7] and [8] to the consolidated financial statements.

Certain assets, including goodwill and other intangible assets, equity method and direct investments (including venture capital companies and nonmarketable equity securities), securities available for sale, and premises and equipment, are subject to an impairment review. We record 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 timing of when such declines become other than temporary and/or the amount of such impairment is a matter of significant judgement.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the goodwill or other intangible assets may be impaired, such as an adverse change in business climate. Impairment is recorded if the fair value of goodwill is less than its carrying amount, or if the fair value of an intangible asset with an indefinite useful life is less than its carrying amount. The fair value determination used in the impairment assessment requires estimates based on quoted market prices, prices of comparable businesses, present value or other valuation techniques, or a combination thereof, necessitating management to make subjective judgements and assumptions. Because these estimates and assumptions could result in significant differences to the amounts reported if underlying circumstances were to change, we consider this estimate to be critical. As of December 31, 2002, goodwill had a carrying amount of € 8.4 billion. Evaluation of impairment is a significant estimate for multiple divisions. During 2002, an impairment charge for goodwill was recorded after an assessment for impairment was made due to a change in the estimated fair value as a result of holding a significant portion of our Private Equity business unit for sale in our Corporate Investments Group Division. For further discussion on goodwill and other intangible assets, see Note [12] to the consolidated financial statements.

### **Impairment of Assets other than Loans**

Other intangible assets with finite useful lives and property, plant and equipment are evaluated for impairment when indicators of impairment exist. If the sum of the undiscounted future cash flows expected to result from an asset is less than the reported value, an impairment must be recognized to the extent the fair value of the asset is less than its carrying amount. If the asset is held for sale, the impairment charge is recorded based on the lower of the asset's carrying value or fair value less cost to sell. If an asset is to be disposed of by a means other than sale, when the asset ceases to be used a loss is recorded for any excess of carrying value over salvage value. For additional information on property, plant and equipment, see Note [11] to the consolidated financial statements and for further discussion on intangible assets, see Note [12] to the consolidated financial statements.

Equity method investments, direct investments and securities available for sale are evaluated for impairment on a quarterly basis, or more frequently if events or changes in circumstances indicate that these investments are impaired. For example, indications that these investments are impaired could include specific conditions in an industry or geographical area or specific information regarding the financial condition of the issuer, such as a downgrade in credit rating. Because this specific information may become available after we make our evaluation, we may be required to recognize an other-than-temporary impairment in the future. Because the estimate for other-than-temporary impairment could change from period to period based upon future events that may or may not occur, we consider this to be a critical accounting estimate. If the decline in fair value below cost of the investment is determined to be other than temporary, an impairment loss is recognized to the extent the carrying value of the investment exceeds fair value. Determining whether a decline in value is other than temporary requires judgment. We recognized an other-than-temporary impairment for equity method investments, direct investments and securities available for sale in 2002 and 2001. Securities available for sale are carried at fair value with net unrealized gains and losses included in other comprehensive income. Any unrealized losses included in other comprehensive income are not recorded in earnings until the losses are realized or determined to be an other-than-temporary impairment. For additional information on securities available for sale, see Note [5] to the consolidated financial statements and for equity method investments and direct investments, see Note [6] to the consolidated financial statements.

#### **Deferred Tax Asset Valuation Allowances**

We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, 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 allowance to the amount that based on available evidence management believes will more likely than not be realized. We believe that the accounting estimate related to the valuation allowance is a critical accounting estimate because the underlying assumptions can change from period to period. If we were not 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.

We have considered future taxable income, the mix of earnings in the locations where we operate, and tax planning strategies in determining the need for a valuation allowance. We could be required to increase the valuation allowance if we were unable to generate sufficient taxable income. Our income tax provision included charges related to changes in valuation allowances of approximately € 254 million and € 286 million for the year ended December 31, 2002 and 2001, respectively. As a result of a reduction of our valuation allowance, we had an income tax benefit of € 108 million for the year ended December 31, 2000. These changes were a result of reviews of the factors discussed above.

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, may not be available.

When quoted market prices are not available, derivatives and securities values are determined based upon discounted cash flow analysis, comparison to similar observable market transactions, or the use of financial models. Discounted cash flow analysis is dependent upon estimated future cash flows and the discount rate used. Valuation using pricing models is dependent upon time value, yield curve, volatility factors, prepayment speeds, default rates, loss severity, current market prices and transaction prices for underlying financial instruments. Pricing adjustments to model or portfolio valuations consider liquidity, credit exposure, concentration risks, hedging strategies, quality of model inputs, and other factors.

Where valuation of financial instruments is subjective due to the lack of observable market prices or inputs, management must apply judgment to make estimates and certain assumptions. For example, if prices or inputs to financial models are used for similar financial instruments, judgment is applied to make appropriate adjustments for differences in credit risk, liquidity or other factors. Because the fair value determined may differ from actual net realizable value, this estimate is considered a critical accounting estimate. These estimates are critical accounting estimates for our Corporate Banking & Securities Corporate Division, which trade certain over-the-counter derivatives, some of which may have long terms or complex structures that are valued using financial models. Fair value estimates are also critical for our Corporate Investments Group Division, which may hold investments that are not actively traded.

## Fair Value Estimates

### 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 2002 and 2001 and a large positive impact in 2000. These impacts totaled an expense of € 2.8 billion in 2002, € 995 million in 2001 and a benefit of € 9.3 billion in 2000. We therefore recommend that you also consider our net income for 2002, 2001 and 2000 excluding the effect of the impact of changes in income tax rates when you compare 2002, 2001 and 2000 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 was, beginning on January 1, 2002, reduced to zero. Until that date, the tax rate that applied to capital gains on these sales was 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 had 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 recorded the deferred tax provisions directly to other comprehensive income for unrealized gains on available for sale securities, U.S. GAAP nevertheless required 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, did not result in an adjustment to the deferred tax provisions that had 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 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 € 3.0 billion on December 31, 2002 and € 5.9 billion on December 31, 2001.
- This means that, regardless of the size of the realized gains, if any, on subsequent 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 noncash 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 noncash income tax expense will have its effect, are both components of shareholders' equity.



The following table presents the level of unrealized gains and related effects in available for sale equity securities of DB Industrial Holdings, which held the most part of our portfolio of industrial holdings which reflect both the significant reductions in market prices since the effective date of the tax rate change and dispositions of industrial holdings. 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 available for sale equity securities of DB Industrial Holdings.

| in € bn.   | Dec 31, 2002 | Dec 31, 2001 | Dec 31, 2000 | Dec 31, 1999 |
|--|--------------|--------------|--------------|--------------|
| Market value   | 5.3          | 14.1         | 17.5         | 21.8         |
| Cost   | 5.0          | 5.7          | 5.6          | 5.8          |
| Unrealized gains in Other Comprehensive Income                           | 0.3          | 8.4          | 11.9         | 16.0         |
| Less: deferred tax relating to 1999 and 2000 tax rate changes in Germany | 2.9          | 5.5          | 6.5          | 8.6          |
| <b>Other Comprehensive Income, net</b>                                   | <b>(2.6)</b> | <b>2.9</b>   | <b>5.4</b>   | <b>7.4</b>   |

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 2002 and 2001 when we sold portions of our eligible equity securities. The gains resulting from most of these sales were not subject to tax. We reversed the deferred taxes which had accumulated in other comprehensive income, through December 31, 2000, in respect of these securities. We recognized these reversals as tax expense of € 2.8 billion in 2002 and € 995 million in 2001 even though there is no tax actually payable on the gains.

Neither the release of the deferred tax liability with an impact on the income statement nor the reversal of the offset amount in other comprehensive income 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 return on equity. 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.

### Significant Acquisitions and Divestitures

In December 2001, we signed agreements with Zurich Financial Services (Zurich) to acquire the greater part of Zurich's asset management businesses (Scudder, excluding its U.K. operations) and to sell to Zurich the greater part of our insurance business, most of which we held through Versicherungsholding der Deutschen Bank AG (Deutscher Herold). We completed these transactions, that effect basically our Corporate Divisions Asset Management and Personal Banking, in the second quarter of 2002.

In the second quarter of 2002, we acquired U.S.-based real estate investment manager RREEF. RREEF is operated as a business unit within DB Real Estate, the real estate investment management group of our Asset Management Corporate Division.

In the second quarter of 2002, we sold our Banque Worms' branches located outside of Paris. In the first quarter of 2003 we sold our remaining two Banque Worms' branches in Paris.

Following the agreement reached in 2001, in the third quarter of 2002 we merged our mortgage bank subsidiary, EUROHYPO AG Europäische Hypothekenbank der Deutschen Bank, with Deutsche Hypothekenbank Frankfurt-Hamburg AG and Rheinhyp Rheinische Hypothekenbank AG, which were the respective mortgage bank subsidiaries of Dresdner Bank and Commerzbank, to form the new EUROHYPO AG. For certain purposes, other than financial reporting under U.S. GAAP, the merger had retroactive effect from January 1, 2002, even though the merger of the three entities was completed and entered into the commercial register on August 13, 2002. After the merger, our share in the combined entity was 34.6%, with Commerzbank taking a 34.4% share and Dresdner Bank taking a 28.7% share (free-float 2.3%). In connection with the merger, in December 2002, part of our London-based real estate investment banking business was contributed to EUROHYPO AG. On December 31, 2002 our share of the combined entity was 34.6%. Furthermore, in January 2003, part of our German commercial real estate financing activities and Dresdner Bank's U.S.-based real estate investment banking team were transferred to the combined entity. The three transfers resulted in an increase in our share of EUROHYPO AG to 37.6%. In regard to these transactions, we have transferred in the first quarter 2002 the activities of our mortgage bank subsidiary from our Corporate Division Corporate Banking & Securities to our Group Division Corporate Investments.

In the third quarter of 2002, we entered into an agreement with Northern Trust Corporation to sell most of our Passive Asset Management business. The closing of the sale was completed in the first quarter of 2003.

In the fourth quarter of 2002, we signed definitive agreements for the sale of substantial parts of our Global Securities Services business, that was combined in our Corporate Division Global Transaction Banking, to State Street Corporation. The transaction closed in the first quarter of 2003.

In the fourth quarter of 2002, we sold our commercial finance business of Deutsche Financial Services, that was part of our Group Division Corporate Investments, to GE Commercial Finance and our consumer finance business of Deutsche Financial Services to E\*TRADE Bank.

In the fourth quarter of 2002, we signed an agreement with IBM Business Services (IBM BS) pursuant to which we will outsource our German Private Clients and Asset Management (PCAM) Information Technology/Infrastructure (IT/I) data centers, continental European server sites and DWS Europe computer centers to IBM BS. The contract is for a ten-year period. Under the agreement, IBM BS will provide us with a wide range of technology services. Pursuant to the agreement, effective February 1, 2003, we transferred our PCAM IT/I business, including the respective human resources and controlling groups as well as related infrastructure functions, to IBM BS. Upon this transfer, approximately 900 staff left the company and joined their new employer IBM BS.

In February 2003, we signed an agreement with Zurich Financial Services to acquire Rüd, Blass & Cie AG Bankgeschäft, a private Swiss bank. The transaction, that will strengthen our expertise in the Private Wealth Management, is subject to regulatory approval.

In November 2002, we entered into exclusive negotiations with the management team of DB Capital Partners regarding the sale of our late-stage private equity portfolio. The sale was completed in February 2003. We will retain a 20% interest in the portfolio.

In February 2003, we announced the simultaneous sale of two prime City of London real estate investments. We have entered into agreements with The British Land Company PLC for the sale of the long leasehold (999 years) of 1 Appold Street and with KanAm grundinvest Fonds for our 55% interest in Winchester House. We will remain in occupancy of these properties for a minimum of 15 years.

### 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 2002, 2001 and 2000:

| in € m.  | 2002          | 2001          | 2000          |
|--|---------------|---------------|---------------|
| Net interest revenues  | 7,186         | 8,620         | 7,028         |
| Provision for loan losses  | 2,091         | 1,024         | 478           |
| <b>Net interest revenues after provision for loan losses</b>   | <b>5,095</b>  | <b>7,596</b>  | <b>6,550</b>  |
| Commissions and fee revenues   | 10,834        | 10,727        | 11,693        |
| Trading revenues, net  | 4,024         | 6,031         | 7,625         |
| Other noninterest revenues   | 4,503         | 4,163         | 8,133         |
| <b>Total noninterest revenues</b>  | <b>19,361</b> | <b>20,921</b> | <b>27,451</b> |
| <b>Total net revenues</b>  | <b>24,456</b> | <b>28,517</b> | <b>34,001</b> |
| Compensation and benefits  | 11,358        | 13,360        | 13,526        |
| Goodwill amortization/impairment   | 62            | 871           | 771           |
| Restructuring activities   | 583           | 294           | 125           |
| Other noninterest expenses   | 8,904         | 12,189        | 12,710        |
| <b>Total noninterest expenses</b>  | <b>20,907</b> | <b>26,714</b> | <b>27,132</b> |
| Income before income tax expense (benefit) and cumulative effect of accounting changes                   | 3,549         | 1,803         | 6,869         |
| Income tax expense   | 372           | 434           | 2,643         |
| Income tax expense (benefit) from the change in effective tax rate and the reversing effect <sup>1</sup> | 2,817         | 995           | (9,287)       |
| <b>Income before cumulative effect of accounting changes, net of tax</b>                                 | <b>360</b>    | <b>374</b>    | <b>13,513</b> |
| Cumulative effect of accounting changes, net of tax <sup>2</sup>   | 37            | (207)         | –             |
| <b>Net income<sup>1,2</sup></b>  | <b>397</b>    | <b>167</b>    | <b>13,513</b> |

<sup>1</sup> Income tax expense of € 2.8 billion in 2002, income tax expense of € 995 million in 2001 and € 9.3 billion of income tax benefit in 2000 resulted from changes in effective tax rates pursuant to German tax law and the reversing effect. 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.

<sup>2</sup> In 2002 and 2001, these figures reflect the cumulative effect of changes in accounting principle. We describe these changes and their effects on our Consolidated Statement of Income below in "Cumulative Effect of Accounting Changes".

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

| in € m. (except per share amounts)  | 2002         |                      | 2001         |                      | 2000         |                      |
|---|--------------|----------------------|--------------|----------------------|--------------|----------------------|
|   |              | Per Share<br>(basic) |              | Per Share<br>(basic) |              | Per Share<br>(basic) |
| Net income  | 397          | € 0.64               | 167          | € 0.27               | 13,513       | € 22.00              |
| Cumulative effect of accounting changes, net of tax   | (37)         | € (0.06)             | 207          | € 0.33               | –            | –                    |
| Income tax expense (benefit) from the change in effective tax rate and the reversing effect | 2,817        | € 4.58               | 995          | € 1.61               | (9,287)      | € (15.12)            |
| <b>Net income before accounting changes and the effect of tax rate changes</b>              | <b>3,177</b> | <b>€ 5.16</b>        | <b>1,369</b> | <b>€ 2.21</b>        | <b>4,226</b> | <b>€ 6.88</b>        |

In 2002 our net income was € 397 million, which includes tax expense of € 2.8 billion due to the reversal of tax benefits recorded in prior years for the effect of changes in German tax law. The cumulative effect of accounting changes increased net income by € 37 million. Net income was € 167 million in 2001, including 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 in 2001 was further reduced by the € 207 million cumulative effect of accounting changes. Excluding the effect of tax law changes in both years, net income in 2002 and 2001 would have been € 3.2 billion and € 1.2 billion, respectively. Further, excluding the cumulative effect of accounting changes in both years, net income would have been € 3.2 billion in 2002 and € 1.4 billion in 2001.

Net income in 2000 was € 13.5 billion and included a benefit from those German tax law changes of € 9.3 billion. Excluding this effect the net income in 2000 would have been € 4.2 billion. There was no cumulative effect of accounting changes in 2000.

Basic earnings per share were € 0.64 in 2002, as compared to € 0.27 in 2001 and € 22.00 in 2000.

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 movements in interest rates; and
- to a lesser extent, movements in exchange rates.

#### Net Interest Revenues

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

| in € m. (except percentages)                      | 2002    | 2001    | 2000    |
|---|---------|---------|---------|
| Net interest revenues                             | 7,186   | 8,620   | 7,028   |
| Average interest-earning assets <sup>1</sup>      | 781,134 | 877,727 | 898,514 |
| Average interest-bearing liabilities <sup>1</sup> | 729,643 | 783,710 | 815,867 |
| Gross interest yield <sup>2</sup>                 | 4.58%   | 6.11%   | 6.14%   |
| Gross interest rate paid <sup>3</sup>             | 3.92%   | 5.74%   | 5.90%   |
| Net interest spread <sup>4</sup>                  | 0.66%   | 0.37%   | 0.24%   |
| Net interest margin <sup>5</sup>                  | 0.92%   | 0.98%   | 0.78%   |

<sup>1</sup> Average balances for each year are calculated based upon month-end balances.

<sup>2</sup> Gross interest yield is the average interest rate earned on our average interest-earning assets.

<sup>3</sup> Gross interest rate paid is the average interest rate we paid on our average interest-bearing liabilities.

<sup>4</sup> 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.

<sup>5</sup> Net interest margin is net interest revenues expressed as a percentage of average interest-earning assets.

Net interest revenues were € 7.2 billion in 2002, a decrease of € 1.4 billion, or 17%, as compared to 2001. Our net interest revenues were € 8.6 billion in 2001, an increase of € 1.6 billion, or 23%, as compared to 2000. Our net interest spread increased by 29 basis points whereas our net interest margin decreased by 6 basis points in 2002, after both increased in 2001.

The decrease in net interest revenues in 2002 occurred because, while both our interest revenues and our interest expense decreased, the decrease in interest expense was smaller. The overall decline in net interest revenues is due to a number of factors. Dividends received, primarily on our securities available for sale portfolio, decreased by € 644 million. The principal reasons for the decline are the sale of most of our insurance business in the second quarter of 2002, the merger of our mortgage bank subsidiary EUROHYPO with the mortgage bank subsidiaries of Dresdner Bank AG and Commerzbank AG in the third quarter of 2002 and the sale of our European asset finance and leasing business in the second quarter 2001. In 2001, by contrast, a year in which interest revenues and interest expense as well decreased compared to 2000, the decrease in our interest revenues was exceeded by the decrease in interest expense.

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. In 2002, for example, we sold most of our insurance business and merged our mortgage bank subsidiary. 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 revenues, but they also generate related net interest revenues. Trading assets, for example, 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 present our trading related interest revenues and expenses together with our other trading revenues and expenses below under "Trading revenues, net".

The development of our net interest revenues is also influenced to a significant extent by the accounting treatment of some of our derivatives transactions. We enter into nontrading derivative transactions as economic hedges of the interest rate risks of our nontrading assets and liabilities. 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 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. Nontrading derivative transactions that did not qualify for hedge accounting treatment produced net interest cash flows, which we included in trading revenues, of € 360 million in 2002, € 259 million in 2001 and € 105 million in 2000.

The following table shows our net interest revenues including the interest on nontrading derivatives not qualifying for hedge accounting treatment:

| in € m.  | 2002         | 2001         | 2000         |
|--|--------------|--------------|--------------|
| Net interest revenues  | 7,186        | 8,620        | 7,028        |
| Interest from nonqualifying derivatives<br>(included in trading revenues)          | 360          | 259          | 105          |
| <b>Net interest revenues including interest from<br/>nonqualifying derivatives</b> | <b>7,546</b> | <b>8,879</b> | <b>7,133</b> |

Had these transactions all qualified as hedges, our net interest revenues would have decreased € 1.3 billion between 2001 and 2002, rather than decreasing € 1.4 billion, as we report; and our net interest revenues would have increased € 1.7 billion between 2000 and 2001, rather than increasing € 1.6 billion 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 require for them to qualify. While we adopted SFAS 133 beginning in 2001 such that some of these 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. The accounting may result in differences in gain and loss recognition on the nonqualifying derivatives and the underlying hedged items. However, over the lifetime of the transactions, the gains and losses on the nonqualifying derivatives and underlying transactions offset.

As a result of the continued change of our mix of businesses our trading portfolio became the largest single category of our interest-earning assets, accounting for 33% of our total average interest-earning assets in 2002. Our loan portfolio, however, which accounted for 29% of our total average interest-earning assets in the same period, is still the largest single contributor to our interest revenues with € 11.7 billion, or 33%, of total interest revenues. Our loans earned an average yield in 2002 of 115 basis points below that of 2001 as interest rates declined considerably in our major markets, particularly in the U.S. In 2001, when interest rates had already declined substantially, the average yield earned on our loan portfolio was 21 basis points lower than in 2000.

The changing mix of our business, together with the effects of our accounting for derivatives transactions, account for most of the movements in our net inter-

est revenues. However, interest rates and exchange rates were also contributors. As noted above, interest rates decreased in our major markets in 2002 and 2001, particularly in the United States and to a lesser extent in Germany and the other euro zone countries as well as the United Kingdom. In 2000, by contrast, interest rates in our major markets increased, particularly in the United States, Germany and in the other euro zone countries. The euro 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. During 2002, however, the euro gained strength and increased to beyond parity levels against the U.S. dollar. We cannot quantify the impacts of each of these factors, but we believe that they had considerably less impact on net interest revenues than did our changing mix of businesses.

**Interest Revenues.** The table below sets forth a breakdown of our interest revenues for 2002, 2001 and 2000:

| in € m.   | 2002          | 2001          | 2000          |
|---|---------------|---------------|---------------|
| <b>Interest on interest-earning deposits in other banks</b>                                 |               |               |               |
| In German offices   | 335           | 788           | 472           |
| In non-German offices   | 1,134         | 2,124         | 1,831         |
| <b>Total</b>  | <b>1,469</b>  | <b>2,912</b>  | <b>2,303</b>  |
| <b>Interest on central bank funds sold and securities purchased under resale agreements</b> |               |               |               |
| In German offices   | 587           | 628           | 746           |
| In non-German offices   | 5,992         | 7,598         | 7,261         |
| <b>Total</b>  | <b>6,579</b>  | <b>8,226</b>  | <b>8,007</b>  |
| <b>Interest on securities borrowed</b>  |               |               |               |
| In German offices   | 5             | 179           | 20            |
| In non-German offices   | 2,804         | 5,148         | 6,624         |
| <b>Total</b>  | <b>2,809</b>  | <b>5,327</b>  | <b>6,644</b>  |
| <b>Interest and dividend income on securities available for sale and other investments</b>  |               |               |               |
| In German offices   | 1,066         | 2,728         | 2,175         |
| In non-German offices   | 576           | 983           | 1,181         |
| <b>Total</b>  | <b>1,642</b>  | <b>3,711</b>  | <b>3,356</b>  |
| <b>Interest on loans</b>  |               |               |               |
| In German offices   | 7,152         | 9,781         | 10,742        |
| In non-German offices   | 4,589         | 7,838         | 9,395         |
| <b>Total</b>  | <b>11,741</b> | <b>17,619</b> | <b>20,137</b> |
| <b>Interest on trading assets</b>   |               |               |               |
| In German offices   | 1,744         | 3,035         | 3,008         |
| In non-German offices   | 9,634         | 12,536        | 11,431        |
| <b>Total</b>  | <b>11,378</b> | <b>15,571</b> | <b>14,439</b> |
| Other interest revenues   | 163           | 273           | 245           |
| <b>Total interest revenues</b>  | <b>35,781</b> | <b>53,639</b> | <b>55,131</b> |

Our total interest revenues decreased € 17.9 billion, or 33%, between 2002 and 2001. Our reduced interest revenues were in part due to a reduction of our interest-earning assets but primarily due to lower interest rates. The following are the primary categories of interest-earning assets that caused the decline:

- Interest on loans decreased € 5.9 billion, or 33%, in 2002, as compared to 2001, resulting in almost equal parts from a 18% decrease in our average balance of loans and reduced yields. This decrease in loans was mainly due to the merger of our mortgage bank subsidiary in the third quarter of 2002, which reduced our average loan portfolio by € 24 billion. The average yield on our loans decreased further to 5.14% in 2002 from 6.29% in 2001.
- Interest on trading assets decreased by € 4.2 billion, or 27%, in 2002 as compared to 2001. While the average volume of interest-earning assets we held in our trading portfolio outside Germany increased slightly, the total average yield decreased substantially to 4.47%, down by 195 basis points compared to 2001.
- Interest on securities borrowed decreased € 2.5 billion, or 47%, between 2002 and 2001. The decrease was primarily the result of a 193 basis points decrease in yields outside Germany representing generally reduced interest rates, along with a 25% reduction in total average volume.
- Interest and dividend income on securities available for sale and other investments decreased by € 2.1 billion, or 56%, in 2002 as compared to 2001, mostly due to lower average volumes in Germany. This decline was largely the result of the disposal of most of our insurance business and the merger of our mortgage bank subsidiary, both of which had significant investments in these securities. In addition, we had further sales of our industrial holdings. Lower dividend income, primarily on our reduced industrial holdings, was the main reason for a 93 basis points decline of our average yield to 2.98%.

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 17% 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 continued 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 assets we held in our trading portfolio outside Germany.



**Interest Expense.** The table below shows a breakdown of our interest expense for 2002, 2001 and 2000:

| in € m.   | 2002          | 2001          | 2000          |
|---|---------------|---------------|---------------|
| <b>Interest on deposits</b>   |               |               |               |
| In German offices   | 2,662         | 3,169         | 3,877         |
| In non-German offices   | 6,657         | 12,555        | 13,020        |
| <b>Total</b>  | <b>9,319</b>  | <b>15,724</b> | <b>16,897</b> |
| <b>Interest on trading liabilities</b>  |               |               |               |
| In German offices   | 663           | 1,033         | 2,486         |
| In non-German offices   | 3,747         | 4,690         | 3,799         |
| <b>Total</b>  | <b>4,410</b>  | <b>5,723</b>  | <b>6,285</b>  |
| <b>Interest on central bank funds purchased and securities sold under repurchase agreements</b> |               |               |               |
| In German offices   | 291           | 914           | 871           |
| In non-German offices   | 6,758         | 9,915         | 10,108        |
| <b>Total</b>  | <b>7,049</b>  | <b>10,829</b> | <b>10,979</b> |
| <b>Interest on securities loaned</b>  |               |               |               |
| In German offices   | 17            | 144           | 55            |
| In non-German offices   | 563           | 1,758         | 2,106         |
| <b>Total</b>  | <b>580</b>    | <b>1,902</b>  | <b>2,161</b>  |
| <b>Interest on other short-term borrowings</b>  |               |               |               |
| In German offices   | 20            | 79            | 99            |
| In non-German offices   | 685           | 1,557         | 2,609         |
| <b>Total</b>  | <b>705</b>    | <b>1,636</b>  | <b>2,708</b>  |
| <b>Interest on long-term debt, including trust preferred securities</b>                         |               |               |               |
| In German offices   | 2,587         | 4,366         | 4,367         |
| In non-German offices   | 3,945         | 4,839         | 4,706         |
| <b>Total</b>  | <b>6,532</b>  | <b>9,205</b>  | <b>9,073</b>  |
| <b>Total interest expense</b>   | <b>28,595</b> | <b>45,019</b> | <b>48,103</b> |

Total interest expense decreased € 16.4 billion, or 36%, in 2002 compared to 2001. The decline in interest expense arose mainly from lower market interest rates and to a lesser degree from reduced average volumes. The main contributors to this development are the following:

- Interest on deposits decreased € 6.4 billion, or 41%, between 2002 and 2001. This is due to a reduction of 165 basis points in the average rate paid on deposits, while the average volume decreased only slightly by 6%. Time deposits outside Germany remained the largest single category of our average interest-bearing liabilities, accounting for 45% of our total average interest-bearing deposits and 20% of total average interest-bearing liabilities in 2002.
- Interest on central bank funds purchased and securities sold under repurchase agreements decreased € 3.8 billion, or 35%, between 2002 and 2001, due to reduced interest rates. Average volumes increased slightly by 6%.

- Interest on long-term debt, including trust preferred securities decreased € 2.7 billion, or 29%, from 2001 to 2002. The average volume of long-term debt decreased by 12%, largely due to the merger of our mortgage bank subsidiary which reduced our average long-term debt by € 28 billion, while the total average rate paid decreased by 112 basis points to 4.54% in 2002.
- Interest on securities loaned decreased by € 1.3 billion, or 70%, from 2001 to 2002, due to significantly lower average volumes and interest rates. The average rate paid declined by 273 basis points to 5.09%.
- Interest on trading liabilities decreased € 1.3 billion, or 23%, between 2002 and 2001, mainly due to reduced costs to carry our short positions in securities. The majority of this business was carried out in trading portfolios we held outside Germany, therefore, 79% of total average trading liabilities and 85% of related interest expense was incurred outside Germany.

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 € 1.1 billion, or 40%, from 2000 to 2001. The decrease occurred in our non-German offices, with 69% of this decrease attributable to the lower average rate of 4.51%, as compared to 6.98% in 2000, and 31% 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 were 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. 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.

## 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 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 homogeneous loans and an other inherent loss component to cover losses in our loan portfolio which we have not otherwise identified.

Our provision for loan losses in 2002 was € 2.1 billion, an increase of 104% from the prior year. This amount is composed of both net new specific and inherent loan loss provisions. The provision for the year was primarily due to provisions raised to address the downturn in the telecommunications industry and specific loan loss provisions reflecting the deterioration in various industry sectors represented in our German portfolio and the Americas.

The inherent loss provision was € 195 million in 2002, an increase of € 55 million, as compared to 2001. This increase was partly offset by a € 54 million reduction of country risk provisions. In 2002 we refined the measure for calculating our other inherent loss allowance to make our overall provision more sensitive to the prevailing credit environment and less based on historical experience.

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 was 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 net 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 and structured finance activities.

## Noninterest Revenues

| in € m.                                    | 2002          | 2001          | 2000          |
|--|---------------|---------------|---------------|
| Commissions and fee revenues               | 10,834        | 10,727        | 11,693        |
| Trading revenues, net                      | 4,024         | 6,031         | 7,625         |
| Insurance premiums                         | 744           | 2,717         | 2,837         |
| Net gains on securities available for sale | 3,523         | 1,516         | 3,670         |
| Other noninterest revenues                 | 236           | (70)          | 1,626         |
| <b>Total</b>                               | <b>19,361</b> | <b>20,921</b> | <b>27,451</b> |

Our noninterest revenues were € 19.4 billion in 2002, a decrease of € 1.6 billion, or 7%, as compared to € 20.9 billion reported in 2001.

The primary driver behind the decline in noninterest revenues was the continued weakness of the financial markets in 2002. This was the principal factor in a € 2.0 billion, or 33% decline in trading revenues, net. Equities trading, with a net trading gain of € 62 million, was € 1.5 billion below last year.

Another driver behind the decline in our noninterest revenues in 2002 was the decrease in our insurance premiums resulting from the sale of most of our insurance business, including our subsidiaries in Germany, Spain, Italy, and Portugal, to Zurich Financial Services. However, this decline was largely offset by a related decline in policyholder benefits and claims which is included in noninterest expenses.

Net gains on securities available for sale increased by € 2.0 billion due to net gains on sales from our industrial holdings portfolio.

Our noninterest revenues were € 20.9 billion in 2001, a decrease of € 6.5 billion, or 24%, 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. Specifically, deteriorating securities prices led to a reduction in our results, 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, and we had reduced customer transaction volumes in many of our businesses.

**Commissions and Fee Revenues.** The following table shows the principal components of our commissions and fee revenues in 2002, 2001 and 2000:

| in € m.   | 2002          | 2001          | 2000          |
|---|---------------|---------------|---------------|
| <b>Commissions and fees from fiduciary activities</b>   |               |               |               |
| Commissions for administration  | 632           | 643           | 466           |
| Commissions for assets under management   | 3,214         | 2,798         | 3,222         |
| Commissions for other securities business   | 80            | 96            | 220           |
| <b>Total</b>  | <b>3,926</b>  | <b>3,537</b>  | <b>3,908</b>  |
| <b>Commissions, broker's fees, markups on securities underwriting and other securities activities</b> |               |               |               |
| Underwriting and advisory fees  | 1,743         | 1,744         | 2,157         |
| Brokerage fees  | 2,576         | 2,813         | 3,013         |
| <b>Total</b>  | <b>4,319</b>  | <b>4,557</b>  | <b>5,170</b>  |
| <b>Fees for other customer services</b>   | <b>2,589</b>  | <b>2,633</b>  | <b>2,615</b>  |
| <b>Total commissions and fees</b>   | <b>10,834</b> | <b>10,727</b> | <b>11,693</b> |

Commissions and fees from fiduciary activities were € 3.9 billion in 2002, an increase of € 389 million, or 11 %, as compared to 2001 which was primarily due to an increase in commissions for assets under management, primarily because of the acquisition of Scudder business in the second quarter of 2002.

Commissions and fees from fiduciary activities amounted to € 3.5 billion in 2001, a decrease of € 371 million, or 9%, as compared to 2000, which was primarily due to lower management and performance fees in asset management, offset in part by increased commissions for administration.

Underwriting and advisory fees amounted to € 1.7 billion in 2002, unchanged compared with 2001.

Underwriting and advisory fees decreased by € 413 million, or 19%, to € 1.7 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.

Brokerage fees amounted to € 2.6 billion in 2002, a decrease of € 237 million, or 8%, as compared to 2001. This decrease is a result of lower transaction volumes due to the continued weak financial market conditions.

Brokerage fees were € 2.8 billion in 2001, a decrease of € 200 million, or 7% as compared to 2000, as weak financial market conditions caused significant customer restraint and brokerage transaction volume declined.

**Trading Revenues, Net.** We account for our trading activities on a fair value 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 the components of our trading portfolio, see Note [22] to the consolidated financial statements.

Our trading revenues were € 4.0 billion in 2002, a decrease of € 2.0 billion, or 33%, as compared to 2001. The substantially lower trading revenues were mainly due to the continued difficult market environment, the effect of a single block trade and lower hedge gains on our industrial holdings.

Trading revenues were € 6.0 billion in 2001, a decrease of € 1.6 billion, or 21%, between 2001 and 2000. The decrease in trading revenues was partially due to equity market conditions, which started to deteriorate late in 2000 and therefore led to lower transaction volume in equities trading. This was partly compensated by the impact of derivatives we entered into for nontrading purposes, but which did not qualify for hedge accounting treatment.

Our trading businesses generates revenues and expense streams that are partly outside trading revenues, net because:

- Interest income on trading assets is included in interest revenues;
- Interest expense on trading liabilities is included in interest expense; and
- The cost or benefit of funding our net trading positions appears in either interest revenues or interest expense in our consolidated statement of income.

Therefore, we believe that you should consider more than our net trading revenues according to U.S. GAAP to assess the performance of our trading operations. 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 expense our trading activities generate. In 2002, for example, we continued to focus on fixed income related trading positions and reduced equity trading inventories, despite difficult conditions in all market segments, therefore incurring a mix of revenues and expense containing a higher proportion of interest. Accordingly, we manage our trading business on a measure we call “trading performance”. This measure is not provided 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.

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 expense 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 nontrading derivatives that do not qualify for hedge accounting treatment.

We calculate the funding cost or benefit continuously 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 nontrading 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. As interest revenues on our trading assets, interest expenses 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 nontrading derivatives that do not qualify for hedge accounting treatment (nonqualifying derivatives).

| in € m.   | 2002         | 2001         | 2000         |
|---|--------------|--------------|--------------|
| Interest revenues on trading assets                                       | 11,378       | 15,571       | 14,439       |
| Interest expense on trading liabilities                                   | 4,410        | 5,723        | 6,285        |
| Funding cost  | 4,788        | 8,204        | 8,188        |
| <b>Trading related interest<br/>(included in net interest)</b>            | <b>2,180</b> | <b>1,644</b> | <b>(34)</b>  |
| Interest from nonqualifying derivatives<br>(included in trading revenues) | (360)        | (259)        | (105)        |
| <b>Net trading related interest</b>                                       | <b>1,820</b> | <b>1,385</b> | <b>(139)</b> |

The following table combines trading revenues according to U.S. GAAP with the net trading related interest to arrive at our measure of trading performance:

| in € m.                                    | 2002                      |   |                     | 2001                      |   |                     | 2000                      |   |                     |
|--|---------------------------|---|---------------------|---------------------------|---|---------------------|---------------------------|---|---------------------|
|  | Trading revenues reported | Net trading related interest <sup>1</sup> | Trading performance | Trading revenues reported | Net trading related interest <sup>1</sup> | Trading performance | Trading revenues reported | Net trading related interest <sup>1</sup> | Trading performance |
| Interest and credit trading                | 1,286                     | 1,614                                     | 2,900               | 2,203                     | 1,070                                     | 3,273               | 1,740                     | 958                                       | 2,698               |
| Equity trading                             | 62                        | 487                                       | 549                 | 1,610                     | 471                                       | 2,081               | 3,367                     | (609)                                     | 2,758               |
| Foreign exchange, metal, commodity trading | 1,226                     | 6   | 1,232               | 1,385                     | (6)                                       | 1,379               | 1,102                     | (12)                                      | 1,090               |
| Other trading <sup>2</sup>                 | 1,450                     | (287)                                     | 1,163               | 833                       | (150)                                     | 683                 | 1,416                     | (476)                                     | 940                 |
| <b>Total</b>                               | <b>4,024</b>              | <b>1,820</b>                              | <b>5,844</b>        | <b>6,031</b>              | <b>1,385</b>                              | <b>7,416</b>        | <b>7,625</b>              | <b>(139)</b>                              | <b>7,486</b>        |

<sup>1</sup> 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 revenues in the Consolidated Statement of Income. Also adjusts net interest revenues on derivatives entered into for nontrading purposes, but failing to qualify for hedge accounting treatment.

<sup>2</sup> Includes gains and losses from derivatives not qualifying for hedge accounting treatment.

In 2002, our trading performance decreased by € 1.6 billion, or 21 %, as compared to 2001. The prevailing difficult market environment during 2002 led to the overall weaker performance. However, all trading areas generated significant positive results. Equity trading performance was € 549 million, a decline of 74 %, between 2002 and 2001. Results in 2002 included the negative effect of a single block trade. Interest and credit trading performance decreased € 373 million, or 11 %, in the same period. Performance in our foreign exchange, metals and commodity trading declined only slightly to € 1.2 billion in 2002, reflecting our strong market position in foreign exchange trading. Other trading performance increased by € 480 million due to increased revenues in Emerging Markets business and higher revenues relating to derivatives on our own shares. In addition, other trading performance included € 488 million gains from derivative transactions entered into for nontrading purposes, but not qualifying for hedge accounting. This represented a decrease of € 198 million over the € 686 million recognized in 2001. The gains recorded in 2002 included € 144 million hedge gains on our industrial holdings. The majority of the remaining amount was due to gains subsequent to the early curtailment of nonqualifying hedge structures and gains on nonqualifying hedges of instruments also recorded at fair value.

Our trading performance decreased by € 70 million, or 1 %, in 2001 as compared to 2000. Our performance in equity trading in particular suffered from the adverse market conditions and decreased by € 677 million, or 25 %. 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 increased by 27 % over 2000, mainly because we were able to benefit from our leading market position in foreign exchange trading. Other trading performance included € 686 million gains on nonqualifying derivatives in 2001, which is an increase of € 226 million as compared to 2000. The fact that significant revenues were recorded in 2001 is largely due to forward contracts on certain of our industrial holdings, which failed to qualify for hedge accounting treatment.

**Insurance Premiums.** Insurance premiums were € 744 million in 2002, a decrease of € 2.0 billion, or 73%, as compared to 2001. The decline in our insurance premiums was attributable to the sale in the second quarter of 2002 of most of our insurance business, including our subsidiaries in Germany, Spain, Italy, and Portugal, to Zurich Financial Services. This decline was basically offset by a corresponding decline in policyholder benefits and claims expenses, reported under noninterest expenses. After the sale, we continue to be the exclusive distributor of insurance products from our former subsidiaries to our clients in Germany, Italy and Spain. Insurance premiums were € 2.7 billion in 2001, a decrease of € 120 million or 4% compared to 2000. For further information on insurance assets and liabilities see Note [23] to the consolidated financial statements.

**Net Gains on Securities Available for Sale.** Gains on securities available for sale totaled € 3.5 billion in 2002, an increase of € 2.0 billion, or 132%, compared to 2001. Fiscal 2002 included net gains of € 2.6 billion on the sale of our remaining holdings in Munich Re and, to a lesser extent, more of our holdings in Allianz AG. These gains were offset by write-downs of € 308 million on available for sale securities due to other-than-temporary impairments.

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 € 1.4 billion of our net gains on sales. Additionally, we recorded € 428 million in write-downs of our portfolio in 2001.

The gains from securities available for sale in 2000 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.

Our strategy with respect to our industrial holdings has been to significantly reduce the size of, and maximize value from, our industrial holdings.

**Other Noninterest Revenues.** Other noninterest revenues were € 236 million in 2002 as compared to € (70) million in 2001. In 2002, we recorded a net gain of € 438 million from the deemed sale of a partial interest of EUROHYPO in the merger of mortgage banks, together with the related contribution of part of our London based real estate investment banking business, and a net gain of € 502 million on the disposal of most of our insurance subsidiaries. These net gains were offset by a € 236 million loss from the sale of a subsidiary in 2002 and write-downs on the value of a subsidiary held for sale and on other investments, including certain private equity investments. Further offsetting these gains were net losses from our equity method investments which included € 706 million representing our share in net loss of Gerling-Konzern Versicherungs-Beteiligungs-AG. In 2003, a number of events have occurred with respect to Gerling-Konzern Versicherungs-Beteiligungs-AG, which may negatively impact its value and the value of our investment. For more information, see Note [6] to the consolidated financial statements.



Other noninterest revenues were negatively affected in 2001 by the poor 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 investments as compared to approximately € 200 million in such charges in 2000.

### Noninterest Expenses

| in € m.                          | 2002          | 2001          | 2000          |
|----------------------------------|---------------|---------------|---------------|
| Compensation and benefits        | 11,358        | 13,360        | 13,526        |
| Other noninterest expenses       | 8,145         | 9,187         | 8,707         |
| Policyholder benefits and claims | 759           | 3,002         | 4,003         |
| Goodwill amortization/impairment | 62            | 871           | 771           |
| Restructuring activities         | 583           | 294           | 125           |
| <b>Total</b>                     | <b>20,907</b> | <b>26,714</b> | <b>27,132</b> |

**Compensation and Benefits.** Compensation and benefits were € 11.4 billion in 2002, a decrease of 15% from 2001. This was our largest category of noninterest expense. The decrease in 2002 was impacted by various factors, including headcount reductions from restructuring activities and the sale or merger of some of our businesses somewhat offset by increased headcount from the integration of the Scudder business. Given the continued lower earnings in 2002, performance driven and target bonus payments declined in 2002 as compared to 2001. Also included in 2002 are € 60 million for the buyout of our Coinvestment Plans. Compensation and benefits were € 13.4 billion in 2001, a decrease of 1% from 2000. The impact of inflationary salary increases and continued selective expansion in some of our businesses as well as an increase in severance payments and additional expense of € 140 million related to the buyout of the Global Equity Plan 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 pre-tax 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, the effects of retention contracts slightly offset the decline in target and performance related bonuses.

**Share-based compensation.** Compensation and benefits included € 460 million and € 1.2 billion for our share-based compensation plans for the years ended December 31, 2002 and 2001, respectively. Included were net losses from non-trading equity derivatives to offset fluctuations in employee share-based compensation expense totaling € 226 million in 2002, as compared to € 27 million in 2001.

**Pension Benefits.** The amounts in compensation and benefits included pension costs of € 565 million and € 474 million for the years ended December 31, 2002 and 2001, respectively. Our pension costs are developed from actuarial valuations. Inherent in these valuations are key assumptions, including discount rates for determining expense and benefit obligations and expected long-term rates of return on plan assets. The key assumptions used in developing our 2002 net pension cost were a weighted-average discount rate of 5.7%, a weighted-average expected return on plan assets of 6.7% and a weighted-average rate of increase in future compensation levels of 3.0%. The discount rate and expected long-term rate of return on assets was reduced due to current market conditions.

Our most significant pension plans are provided for employees located in Germany, the U.S. and the U.K. These locations represented approximately 97% of our consolidated benefit obligation as of December 31, 2002. During 2002, we contributed € 3.9 billion to a segregated pension trust to fund our German pension plans. This did not have an impact on the pension cost for 2002 as the funding was made towards the end of the year. We also made additional contributions to increase the plan assets of our qualified U.S. and U.K. pension plans amounting to approximately € 115 million and € 300 million, respectively.

Pension costs can change due to variations in the key assumptions underlying the actuarial calculations. Holding all other assumptions constant for our significant pension plans, a one percent increase or decrease in the discount rate used in determining the expense would have decreased or increased pension expense by € (54) million and € 67 million, respectively for the year ended December 31, 2002. Likewise, a one percent increase or decrease in the expected long-term rate of return on plan assets would have decreased or increased pension expense by € (19) million and € 23 million, respectively. However, this impact does not reflect the German pension plans because the expected return on plan assets was not included in determining pension expense in 2002 as the plans were not funded until December 2002. If more than one of these assumptions were changed, the impact would not necessarily be the same as if only one assumption were changed in isolation.

Contributions for plan assets required for 2003 related to our pension benefit plans will be determined by the 2003 actuarial valuations once completed. Market conditions and interest rates significantly impact future assets and liabilities of our pension plans. Contributions might be required in the future upon measurement of plan obligations.

For further information on our pension plans, see Note [24] to the consolidated financial statements.

**Other Noninterest Expenses.** The following table shows the principal components of our other noninterest expenses in 2002, 2001 and 2000. In the table certain 2001 and 2000 line items have been reclassified to conform with the 2002 presentation:

| in € m.                                    | 2002         | 2001         | 2000         |
|--|--------------|--------------|--------------|
| Net occupancy expense of premises          | 1,291        | 1,334        | 1,090        |
| Furniture and equipment                    | 230          | 357          | 568          |
| IT costs                                   | 2,188        | 2,343        | 2,215        |
| Agency and other professional service fees | 761          | 1,080        | 1,151        |
| Communication and data services            | 792          | 891          | 762          |
| Other expenses                             | 2,883        | 3,182        | 2,921        |
| <b>Total</b>                               | <b>8,145</b> | <b>9,187</b> | <b>8,707</b> |

**Net occupancy expense of premises** was € 1.3 billion in 2002, a decrease of € 43 million, or 3%, from 2001. The decrease reflected the downsizing of our branch network from restructuring activities and sale or merger of businesses, principally insurance and mortgage banking, that was offset partly by higher expenses subsequent to the acquisition of Scudder business.

Net occupancy expense of premises was € 1.3 billion in 2001, an increase of € 244 million, or 22%, from 2000. This increase reflected new leases, buy-outs of redundant leases no longer required and refurbishments of properties.

**Furniture and equipment** expenses were € 230 million in 2002, a decrease of € 127 million, or 36%, as compared to 2001, primarily due to lower depreciation and maintenance costs. Furniture and equipment expenses were € 357 million in 2001, a decrease of € 211 million, or 37%, as compared to 2000, primarily due to lower depreciation and maintenance costs. In both years, the downsizing of our branch network from restructuring activities, which was down 25% since year-end 2000, was a factor in the decline. In addition, in 2002 the impact of the sale of much of our insurance business and the merger of our mortgage banking subsidiary outweighed the addition of the Scudder business.

**IT costs** were € 2.2 billion in 2002, a decrease of € 155 million, or 7%, as compared to 2001. This decrease was to a large extent due to reductions in the cost of software applications development as well as lower rental and maintenance costs for IT hardware. IT costs were € 2.3 billion in 2001, an increase of € 128 million, or 6%, as compared to 2000.

**Agency and other professional service fees** were € 761 million in 2002, a decrease of € 319 million, or 30%, from 2001. Agency and other professional service fees were € 1.1 billion in 2001, a decrease of € 71 million, or 6%, from 2000.

The decrease in both years was primarily attributable to the reduction in our use of external consultants.

**Communication and data services** decreased by € 99 million, or 11% to € 792 million in 2002 as compared to 2001, mainly due to reduced market activities and headcount reduction.

Communication and data services were € 891 million in 2001, an increase of € 129 million, or 17%, from 2000. This was mainly due to higher leased equipment payments, maintenance costs for software and data communications equipment, higher telephone and line charges and increased usage of market data services.

**Other expenses** were € 2.9 billion in 2002, a decrease of € 299 million, or 9%, as compared to 2001. This category comprises a variety of individual cost elements, most of them down as compared to 2001. Among these, marketing, travel and entertainment expenses decreased significantly. Other expenses in 2002 also included certain legal-related provisions. We recorded € 48 million in connection with a proposed settlement of investigations related to research analyst independence and € 58 million to settle litigation dating from 1999 relating to allegations regarding statements about our negotiations to acquire Bankers Trust. Other expenses also included € 64 million to cover potential liabilities in connection with certain European customer transactions related to the years 1992 through 1996.

Other expenses in 2000 included a provision of € 50 million related 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 funded in equal amounts by German companies and the German government.

**Policyholder Benefits and Claims.** Policyholder benefits and claims included 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 were € 759 million in 2002, a decrease of € 2.2 billion compared to 2001. This reduction was due to the aforementioned sale of most of our insurance business to Zurich Financial Services and was largely offset by a decline in insurance premium revenues.

Policyholder benefits and claims were € 3.0 billion in 2001, a 25% reduction compared to 2000. This reduction reflected 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.

**Goodwill Amortization/Impairment.** As of January 1, 2002, in accordance with SFAS 142, "Goodwill and Other Intangible Assets", goodwill is no longer amortized. However, goodwill evaluations are required annually and when events or circumstances indicate impairment is likely and, accordingly, we recorded € 62 million in impairment of goodwill related to our Private Equity reporting unit during 2002. A significant portion of the reporting unit was classified as held for sale during 2002 resulting in an impairment of the goodwill that will remain in the unit after sale.

Goodwill amortization was € 871 million in 2001, an increase of € 100 million, or 13%, 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 in 2001, compared to € 63 million in 2000. For National Discount Brokers Group, Inc. we amortized € 43 million of goodwill in 2001 compared to € 4.8 million in 2000.

**Restructuring Activities.** We recorded € 583 million of expenses in restructuring activities in 2002, € 294 million in 2001 and € 125 million in 2000. The expenses related to the following restructuring plans:

| in € m.                   | 2002       | 2001       | 2000       |
|---------------------------|------------|------------|------------|
| Group Restructuring 2002  | 340        | –          | –          |
| CIB Restructuring         | 265        | –          | –          |
| Group Restructuring 2001  | (22)       | 294        | –          |
| Deutsche Bank Trust Corp. | –          | –          | (20)       |
| Personal Banking          | –          | –          | 136        |
| Other                     | –          | –          | 9          |
| <b>Total</b>              | <b>583</b> | <b>294</b> | <b>125</b> |

We recorded a pre-tax charge of € 340 million in the first quarter of 2002 related to restructuring activities affecting all of our group divisions: the Corporate and Investment Bank Group Division (CIB), Private Clients and Asset Management Group Division (PCAM), and Corporate Investments Group Division (CI). Of the total € 340 million, € 246 million related to the restructuring measures in PCAM, € 93 million in CIB and € 1 million in CI. The restructuring covers a broad range of measures primarily to streamline our branch network in Germany, as well as our infrastructure. A total of approximately 2,100 staff are impacted by these restructuring plans, which are expected to be completed by the end of the first quarter of 2003.

In the second quarter of 2002, the Group Board approved an additional restructuring plan of € 265 million related to CIB, which is expected to be completed by the end of the first half of 2003. This restructuring resulted from detailed business reviews and reflects our outlook for the markets in which we operate. It relates 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 2,000 staff, across all levels of the Group.

We 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: CIB and PCAM. Of the total € 294 million, € 213 million related to the restructuring measures in CIB and € 81 million related to PCAM, of which € 14 million related to Private Clients Services business (PCS) later transferred to CIB. We planned for a reduction of approximately 2,400 staff, across all levels of the Group. The restructuring in CIB covered 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 impacted 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 included the further streamlining of the senior management structure in PCAM as a consequence of the re-organization

of this group division's business model and operations, including real estate support. As of December 31, 2001, approximately 200 positions were eliminated. During the year ended December 31, 2002, approximately 1,800 additional employees were terminated in connection with the plan. Due primarily to higher than expected staff attrition, actions related to the remaining positions included in the restructuring plan were not taken and, therefore, reserves of € 20 million were released in 2002. The remaining infrastructure related reserve of € 2 million was also released during 2002.

There is a further staff reduction of 1,950 which is the result of the re-segmentation of our Private Banking and Personal Banking Corporate Divisions of PCAM into the Private Wealth Management Business Division and the Private & Business Clients Corporate Division and will include staff reductions in our credit processing centers as well. The costs of implementing these measures in 2003 and 2004 will be expensed as incurred. In addition, we will continue to have further related cuts in our branch network.

We also recorded restructuring activities in 2000 totaling € 136 million in connection with a plan for Deutsche Bank Privat- und Geschäftskunden AG (formerly 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. During 2000, we completed all of the significant initiatives contemplated in the Deutsche Bank Trust Corporation restructuring plans and released the remaining restructuring liability.

For further information on our restructuring activities, see Note [25] to the consolidated financial statements.

Income tax expense in 2002 was € 3.2 billion, as compared to income tax expense of € 1.4 billion in 2001 and income tax benefit of € 6.6 billion in 2000. 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 € 9.3 billion in 2000. In 2001 and 2002 there was tax expense of € 995 million and € 2.8 billion, respectively, 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 10% in 2002, 24% in 2001 and 38% in 2000. The major reason for the decrease in the effective tax rate since 2000 has been the impact of tax-exempt capital gains.

#### **Income Tax Expense (Benefit)**

**Cumulative Effect of Accounting Changes**

In July 2001, the 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 at least annually. Upon adoption of the requirements of SFAS 142 as of January 1, 2002, the Group recognized a € 37 million tax-free gain as a cumulative effect of change in accounting principle from the write-off of negative goodwill.

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

For detailed information on our management reporting systems in general and the reconciliation of 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, see Note [28] to the consolidated financial statements.

## Segmental Results of Operations

The following tables show information regarding our business segments for the years ended December 31, 2002, 2001 and 2000. The criterion for segmentation into divisions is our organizational structure as it existed at December 31, 2002. We prepared these figures in accordance with our management reporting systems.

| 2002  | Corporate and Investment Bank  |                            |              | Private Clients and Asset Management |                 |                  |              | Corporate Investments | Total Management Reporting |
|---|--------------------------------|----------------------------|--------------|--------------------------------------|-----------------|------------------|--------------|-----------------------|----------------------------|
|   | Corporate Banking & Securities | Global Transaction Banking | Total        | Asset Management                     | Private Banking | Personal Banking | Total        |                       |                            |
| in € m.                                       |                                |                            |              |                                      |                 |                  |              |                       |                            |
| Net revenues <sup>1</sup>                     | 11,615                         | 2,704                      | 14,319       | 2,513                                | 1,468           | 4,991            | 8,972        | 3,086                 | 26,377                     |
| Provision for loan losses                     | 1,697                          | 12                         | 1,709        | (3)                                  | 15              | 215              | 227          | 155                   | 2,091                      |
| Provision for off-balance sheet positions     | 83                             | (52)                       | 31           | –                                    | –               | (1)              | (1)          | (11)                  | 19                         |
| Policyholder benefits and claims              | –                              | –                          | –            | 35                                   | –               | 650              | 685          | –                     | 685                        |
| Operating cost base <sup>2</sup>              | 9,049                          | 2,236                      | 11,285       | 2,022                                | 1,324           | 3,076            | 6,422        | 1,222                 | 18,929                     |
| <b>Income before nonoperating costs</b>       | <b>786</b>                     | <b>508</b>                 | <b>1,294</b> | <b>459</b>                           | <b>129</b>      | <b>1,051</b>     | <b>1,639</b> | <b>1,720</b>          | <b>4,653</b>               |
| Goodwill impairment                           | –                              | –                          | –            | –                                    | –               | –                | –            | 62                    | 62                         |
| Severance payments                            | 238                            | 17                         | 255          | 72                                   | 19              | 45               | 136          | 19                    | 410                        |
| Restructuring activities                      | 316                            | 26                         | 342          | (1)                                  | 24              | 217              | 240          | 1                     | 583                        |
| Minority interest                             | 8                              | –                          | 8            | 25                                   | (1)             | 8                | 32           | 2                     | 42                         |
| <b>Total nonoperating costs</b>               | <b>562</b>                     | <b>43</b>                  | <b>605</b>   | <b>96</b>                            | <b>42</b>       | <b>270</b>       | <b>408</b>   | <b>84</b>             | <b>1,097</b>               |
| <b>Income before income taxes<sup>3</sup></b> | <b>224</b>                     | <b>465</b>                 | <b>689</b>   | <b>363</b>                           | <b>87</b>       | <b>781</b>       | <b>1,231</b> | <b>1,636</b>          | <b>3,556</b>               |
| Average active equity <sup>4</sup>            | 14,454                         | 1,796                      | 16,250       | 2,665                                | 386             | 1,442            | 4,493        | 6,751                 | 27,494                     |
| Assets <sup>5</sup>                           | 631,052                        | 25,758                     | 643,668      | 22,448                               | 11,626          | 69,507           | 101,296      | 26,546                | 748,335                    |
| Risk-weighted positions (BIS risk positions)  | 142,483                        | 13,613                     | 156,096      | 6,027                                | 7,271           | 44,061           | 57,359       | 19,219                | 232,674                    |

<sup>1</sup> Net interest revenues and noninterest revenues.

<sup>2</sup> Noninterest expenses excluding nonoperating costs (goodwill impairment, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

<sup>3</sup> Before cumulative effect of accounting changes.

<sup>4</sup> We allocate our book equity to our divisions for management reporting purposes in proportion to the economic capital we calculate for them.

<sup>5</sup> At the group division level CIB, PCAM, CI and Total Management Reporting, we include intersegment items between the group divisions/corporate divisions.



| 2001   | Corporate and Investment Bank  |                            |              | Private Clients and Asset Management |                 |                  |              | Corporate Investments | Total Management Reporting |
|--|--------------------------------|----------------------------|--------------|--------------------------------------|-----------------|------------------|--------------|-----------------------|----------------------------|
|  | Corporate Banking & Securities | Global Transaction Banking | Total        | Asset Management                     | Private Banking | Personal Banking | Total        |                       |                            |
| in € m.  |                                |                            |              |                                      |                 |                  |              |                       |                            |
| Net revenues <sup>1</sup>                            | 14,421                         | 3,053                      | 17,474       | 1,853                                | 1,697           | 6,843            | 10,393       | 2,054                 | 29,921                     |
| Provision for loan losses                            | 629                            | (19)                       | 610          | 12                                   | 11              | 183              | 206          | 199                   | 1,015                      |
| Provision for off-balance sheet positions            | 5                              | (34)                       | (29)         | –                                    | –               | –                | –            | 3                     | (26)                       |
| Policyholder benefits and claims                     | –                              | –                          | –            | 48                                   | –               | 2,898            | 2,946        | –                     | 2,946                      |
| Operating cost base <sup>2</sup>                     | 11,279                         | 2,450                      | 13,729       | 1,619                                | 1,482           | 3,853            | 6,954        | 1,363                 | 22,046                     |
| <b>Income (loss) before nonoperating costs</b>       | <b>2,508</b>                   | <b>656</b>                 | <b>3,164</b> | <b>174</b>                           | <b>204</b>      | <b>(91)</b>      | <b>287</b>   | <b>489</b>            | <b>3,940</b>               |
| Goodwill amortization                                | 470                            | 65                         | 535          | 125                                  | 27              | 35               | 187          | 135                   | 857                        |
| Severance payments                                   | 256                            | 41                         | 297          | 21                                   | 19              | 44               | 84           | 13                    | 394                        |
| Restructuring activities                             | 190                            | 37                         | 227          | 35                                   | 21              | 11               | 67           | –                     | 294                        |
| Minority interest                                    | 13                             | 2                          | 15           | 36                                   | 2               | 16               | 54           | 17                    | 86                         |
| <b>Total nonoperating costs</b>                      | <b>929</b>                     | <b>145</b>                 | <b>1,074</b> | <b>217</b>                           | <b>69</b>       | <b>106</b>       | <b>392</b>   | <b>165</b>            | <b>1,631</b>               |
| <b>Income (loss) before income taxes<sup>3</sup></b> | <b>1,579</b>                   | <b>511</b>                 | <b>2,090</b> | <b>(43)</b>                          | <b>135</b>      | <b>(197)</b>     | <b>(105)</b> | <b>324</b>            | <b>2,309</b>               |
| Average active equity <sup>4</sup>                   | 15,965                         | 2,732                      | 18,697       | 2,206                                | 417             | 1,701            | 4,324        | 7,757                 | 30,778                     |
| Assets <sup>5</sup>                                  | 663,760                        | 24,708                     | 677,623      | 20,600                               | 12,469          | 91,572           | 123,784      | 121,006               | 896,476                    |
| Risk-weighted positions (BIS risk positions)         | 168,705                        | 19,240                     | 187,945      | 5,890                                | 8,476           | 41,865           | 56,231       | 56,202                | 300,378                    |

<sup>1</sup> Net interest revenues and noninterest revenues.

<sup>2</sup> Noninterest expenses excluding nonoperating costs (goodwill amortization, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

<sup>3</sup> Before cumulative effect of accounting changes.

<sup>4</sup> We allocate our book equity to our divisions for management reporting purposes in proportion to the economic capital we calculate for them.

<sup>5</sup> At the group division level CIB, PCAM, CI and Total Management Reporting, we include intersegment items between the group divisions/corporate divisions.

| 2000   | Corporate and Investment Bank  |                            |              | Private Clients and Asset Management |                 |                  |              | Corporate Investments | Total Management Reporting |
|--|--------------------------------|----------------------------|--------------|--------------------------------------|-----------------|------------------|--------------|-----------------------|----------------------------|
|  | Corporate Banking & Securities | Global Transaction Banking | Total        | Asset Management                     | Private Banking | Personal Banking | Total        |                       |                            |
| in € m.                                      |                                |                            |              |                                      |                 |                  |              |                       |                            |
| Net revenues <sup>1</sup>                    | 15,105                         | 2,971                      | 18,076       | 2,407                                | 1,827           | 7,766            | 12,000       | 4,396                 | 34,472                     |
| Provision for loan losses                    | 99                             | –                          | 99           | –                                    | 10              | 182              | 192          | 186                   | 477                        |
| Provision for off-balance sheet positions    | (33)                           | –                          | (33)         | –                                    | –               | –                | –            | –                     | (33)                       |
| Policyholder benefits and claims             | –                              | –                          | –            | 161                                  | –               | 3,751            | 3,912        | –                     | 3,912                      |
| Operating cost base <sup>2</sup>             | 11,693                         | 2,273                      | 13,966       | 1,326                                | 1,396           | 3,591            | 6,313        | 1,576                 | 21,855                     |
| <b>Income before nonoperating costs</b>      | <b>3,346</b>                   | <b>698</b>                 | <b>4,044</b> | <b>920</b>                           | <b>421</b>      | <b>242</b>       | <b>1,583</b> | <b>2,634</b>          | <b>8,261</b>               |
| Goodwill amortization                        | 412                            | 64                         | 476          | 121                                  | 27              | 32               | 180          | 120                   | 776                        |
| Severance payments                           | 137                            | 44                         | 181          | 3                                    | (2)             | 41               | 42           | 3                     | 226                        |
| Restructuring activities                     | (19)                           | (14)                       | (33)         | –                                    | (3)             | 135              | 132          | 29                    | 128                        |
| Minority interest                            | 2                              | –                          | 2            | 55                                   | –               | 28               | 83           | 7                     | 92                         |
| <b>Total nonoperating costs</b>              | <b>532</b>                     | <b>94</b>                  | <b>626</b>   | <b>179</b>                           | <b>22</b>       | <b>236</b>       | <b>437</b>   | <b>159</b>            | <b>1,222</b>               |
| <b>Income before income taxes</b>            | <b>2,814</b>                   | <b>604</b>                 | <b>3,418</b> | <b>741</b>                           | <b>399</b>      | <b>6</b>         | <b>1,146</b> | <b>2,475</b>          | <b>7,039</b>               |
| Average active equity <sup>3</sup>           | 13,395                         | 2,800                      | 16,195       | 1,373                                | 397             | 1,522            | 3,292        | 5,500                 | 24,987                     |
| Assets <sup>4</sup>                          | 647,826                        | 31,337                     | 658,687      | 17,077                               | 11,161          | 80,622           | 108,860      | 116,403               | 883,950                    |
| Risk-weighted positions (BIS risk positions) | 168,035                        | 17,592                     | 185,627      | 5,486                                | 6,104           | 37,929           | 49,519       | 51,395                | 286,541                    |

<sup>1</sup> Net interest revenues and noninterest revenues.

<sup>2</sup> Noninterest expenses excluding nonoperating costs (goodwill impairment, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

<sup>3</sup> We allocate our book equity to our divisions for management reporting purposes in proportion to the economic capital we calculate for them.

<sup>4</sup> At the group division level CIB, PCAM, CI and Total Management Reporting, we include intersegment items between the group divisions/corporate divisions.

### Corporate and Investment Bank Group Division

#### Group Divisions

The following table sets forth the results of our Corporate and Investment Bank Group Division for the years ended December 31, 2002, 2001 and 2000, in accordance with our management reporting systems:

| in € m.  | 2002          | 2001          | 2000          |
|--|---------------|---------------|---------------|
| Sales & Trading (equity)                                   | 2,791         | 4,111         | 5,152         |
| Sales & Trading (debt and other products)                  | 5,423         | 5,814         | 4,449         |
| Origination (equity)                                       | 354           | 492           | 937           |
| Origination (debt)   | 388           | 441           | 286           |
| Advisory   | 516           | 568           | 879           |
| Loan products  | 2,393         | 2,975         | 3,623         |
| Transaction services                                       | 2,704         | 3,053         | 2,971         |
| Other  | (250)         | 20            | (221)         |
| <b>Total net revenues</b>                                  | <b>14,319</b> | <b>17,474</b> | <b>18,076</b> |
| Provision for loan losses                                  | 1,709         | 610           | 99            |
| Provision for off-balance sheet positions                  | 31            | (29)          | (33)          |
| <b>Total provision for credit losses</b>                   | <b>1,740</b>  | <b>581</b>    | <b>66</b>     |
| Operating cost base <sup>1</sup>                           | 11,285        | 13,729        | 13,966        |
| <b>Income before nonoperating costs</b>                    | <b>1,294</b>  | <b>3,164</b>  | <b>4,044</b>  |
| Average active equity                                      | 16,250        | 18,697        | 16,195        |
| Adjusted return on average active equity in % <sup>2</sup> | 8%            | 17%           | 25%           |
| Cost/income ratio in % <sup>3</sup>                        | 79%           | 79%           | 77%           |

<sup>1</sup> Noninterest expenses excluding nonoperating costs (goodwill amortization/impairment, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

<sup>2</sup> Income before nonoperating costs divided by average active equity.

<sup>3</sup> Operating cost base and policyholder benefits and claims divided by net revenues.

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, 2002, 2001 and 2000, in accordance with our management reporting systems:

| in € m.  | 2002          | 2001          | 2000          |
|--|---------------|---------------|---------------|
| Sales & Trading (equity)                                   | 2,791         | 4,111         | 5,152         |
| Sales & Trading (debt and other products)                  | 5,423         | 5,814         | 4,449         |
| Origination (equity)                                       | 354           | 492           | 937           |
| Origination (debt)   | 388           | 441           | 286           |
| Advisory   | 516           | 568           | 879           |
| Loan products  | 2,393         | 2,975         | 3,623         |
| Other  | (250)         | 20            | (221)         |
| <b>Total net revenues</b>                                  | <b>11,615</b> | <b>14,421</b> | <b>15,105</b> |
| Provision for loan losses                                  | 1,697         | 629           | 99            |
| Provision for off-balance sheet positions                  | 83            | 5             | (33)          |
| <b>Total provision for credit losses</b>                   | <b>1,780</b>  | <b>634</b>    | <b>66</b>     |
| Operating cost base <sup>1</sup>                           | 9,049         | 11,279        | 11,693        |
| <b>Income before nonoperating costs</b>                    | <b>786</b>    | <b>2,508</b>  | <b>3,346</b>  |
| Average active equity                                      | 14,454        | 15,965        | 13,395        |
| Adjusted return on average active equity in % <sup>2</sup> | 5%            | 16%           | 25%           |
| Cost/income ratio in % <sup>3</sup>                        | 78%           | 78%           | 77%           |

<sup>1</sup> Noninterest expenses excluding nonoperating costs (goodwill amortization/impairment, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

<sup>2</sup> Income before nonoperating costs divided by average active equity.

<sup>3</sup> Operating cost base and policyholder benefits and claims divided by net revenues.

**Income Before Nonoperating Costs.** Income before nonoperating costs declined € 1.7 billion, or 69%, to € 786 million for the year ended December 31, 2002. The decline was attributable to a higher provision for credit losses and a decrease in net revenues of 19%, partly offset by reductions in our operating cost base of 20%.

Income before nonoperating costs was € 2.5 billion in 2001, a decrease of 25%, or € 838 million, as compared to 2000. Increases in the provision for loan losses and reductions in net revenues accounted for most of this decline.

**Net Revenues.** Net revenues were € 11.6 billion in 2002 compared to € 14.4 billion in 2001. During 2002, prevailing market conditions negatively affected revenues from equities and equity-related products as well as revenues from loan products. Revenues from equities and equity-related products were also impacted by the adverse effect of a single block trade in the first quarter 2002.

Total sales and trading revenues were € 8.2 billion in 2002 compared to € 9.9 billion in 2001, a decline of € 1.7 billion, or 17%. Revenues from debt and other products remained strong in a weaker environment. The market for equities and equity-related products continued to suffer from lower volumes and the effects of widening credit spreads in the derivatives markets. Revenues from equity products declined to € 2.8 billion in 2002 from € 4.1 billion in 2001.

Total origination revenues decreased from € 933 million in 2001 to € 742 million in 2002. Equity origination revenues declined by € 138 million, or 28%, in 2002, driven by the origination-related portion of the adverse effect of a single block trade as mentioned above. In addition, lower debt underwriting activity contributed to reduced origination revenues for debt and related products.

For the year ended December 31, 2002, advisory revenues declined by 9% to € 516 million as compared to the prior year.

Revenues from loan products fell for the year ended December 31, 2002, to € 2.4 billion from € 3.0 billion in 2001. The decline from 2001 was due to lower interest rates and loan book reductions reflecting our activities to reduce credit exposure. The disposal of our European financial services business in May 2001 also contributed to the decline.

Other net revenues included goodwill funding costs of € 218 million in 2002 and € 234 million in 2001. In total, other net revenues changed to an expense of € 250 million in 2002 from revenues of € 20 million in 2001. Other net revenues in 2001 included a gain from the sale of our European financial services business of € 180 million.

Net revenues decreased 5%, from € 15.1 billion in 2000 to € 14.4 billion in 2001. The marked deterioration in economic conditions in the second half of 2000 continued throughout 2001. Generally weak markets and the reduction in transaction volumes adversely affected our equities related sales and trading, origination and advisory businesses, but our fixed income business improved.

Total sales and trading revenues reached € 9.9 billion in 2001 from € 9.6 billion in 2000. However, there were two offsetting trends. Net revenues from sales and trading (equity) fell 20% to € 4.1 billion in 2001 from € 5.2 billion in 2000. Net revenues from sales and trading (debt and other products) increased over the same period by 31% to € 5.8 billion from € 4.4 billion. This reflected, in part, the favorable conditions in the fixed income markets, together with our clients' emphasis on lower-risk products after September 11, 2001.

Total origination revenues decreased from € 1.2 billion in 2000 to € 933 million in 2001. Origination (equity) net revenues declined largely due to significant reductions in transaction volume during 2001 falling from € 937 million in 2000 to € 492 million in 2001. Origination (debt) net revenues, on the other hand, increased 54% from € 286 million in 2000 to € 441 million in 2001, because of improved fixed income markets.

Advisory revenues declined from € 879 million in 2000 to € 568 million in 2001, reflecting reduced transaction activity.

Net revenues from loan products fell by 18% to € 3.0 billion from € 3.6 billion. This reduction was 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 included goodwill funding costs of € 234 million in 2001 and € 272 million in 2000. In total, other net revenues changed from an expense of € 221 million in 2000 to revenues of € 20 million in 2001. Other net revenues in 2001 included a gain from the sale of our European financial services business in Europe.

**Provision for Credit Losses.** The provision for credit losses was € 1.8 billion in 2002 compared to € 634 million in 2001 and € 66 million in 2000. The 2002 provision included a charge of € 200 million reflecting a refinement in the measurement of our other inherent loss allowance.

The provision for loan losses for the year ended December 31, 2002, reflected provisions raised to address the downturn in the telecommunications industry and specific loan loss provision reflecting the deterioration in various industry sectors represented within our German portfolio and the Americas.

The increase in 2001 arose primarily from new specific provision for loan losses in our leveraged business, telecommunications and loan exposure management portfolio across most regions. Another contributing factor was provision for loan losses concerning Argentina.

**Operating Cost Base.** The operating cost base in 2002 was € 9.0 billion, substantially lower than the 2001 costs of € 11.3 billion. The measures taken to improve operating efficiency and to control discretionary spending have yielded benefits. The decrease of compensation and benefits by more than 25% was due to headcount reductions and also reflected lower performance-related compensation expenses. Non-compensation expenses decreased by 13% reflecting lower IT costs and other savings across all major spending categories.

The operating cost base in 2001 was € 11.3 billion, substantially unchanged from 2000. Compensation and benefits were € 5.4 billion, slightly lower than € 5.6 billion in 2000. Reduced performance-related compensation expense were partly offset by increased salaries we incurred as part of our expansion of selected businesses. Non-compensation expense increased due to additional expenditure on IT and settlement systems throughout the businesses.

**Cost/Income Ratio.** The cost/income ratio of 78% in 2002 is the same as the ratio in 2001. The benefits of our cost containment program and the emphasis on control of discretionary spending in 2002 offset reductions in net revenues as individually discussed above.

The cost/income ratio of 78% in 2001 increased by 1 percentage point from 77% in 2000. This was principally a result of reduced revenues in 2001 against 2000.

### 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, 2002, 2001 and 2000, in accordance with our management reporting systems:

| in € m.  | 2002         | 2001         | 2000         |
|--|--------------|--------------|--------------|
| <b>Net revenues</b>  | <b>2,704</b> | <b>3,053</b> | <b>2,971</b> |
| Provision for loan losses                                  | 12           | (19)         | –            |
| Provision for off-balance sheet positions                  | (52)         | (34)         | –            |
| <b>Total provision for credit losses</b>                   | <b>(40)</b>  | <b>(53)</b>  | <b>–</b>     |
| Operating cost base <sup>1</sup>                           | 2,236        | 2,450        | 2,273        |
| <b>Income before nonoperating costs</b>                    | <b>508</b>   | <b>656</b>   | <b>698</b>   |
| Average active equity                                      | 1,796        | 2,732        | 2,800        |
| Adjusted return on average active equity in % <sup>2</sup> | 28%          | 24%          | 25%          |
| Cost/income ratio in % <sup>3</sup>                        | 83%          | 80%          | 76%          |

<sup>1</sup> Noninterest expenses excluding nonoperating costs (goodwill amortization/impairment, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.  
<sup>2</sup> Income before nonoperating costs divided by average active equity.  
<sup>3</sup> Operating cost base and policyholder benefits and claims divided by net revenues.

**Income Before Nonoperating Costs.** Income before nonoperating costs declined € 148 million, or 23%, to € 508 million for the year ended December 31, 2002. Lower revenues were partly offset by a reduced operating cost base, which reflected measures taken to improve operating efficiency and to control discretionary spending.

Income before nonoperating costs was € 656 million in 2001, a decrease of 6%, or € 42 million, from 2000. Increases in the operating cost base were the main cause of this reduction.

In the first quarter of 2003, we sold a substantial part of our Global Securities Services business to State Street Corp. During 2002 those businesses sold contributed net revenues of approximately € 700 million with a negligible impact on income before nonoperating costs.

**Net Revenues.** Net revenues declined to € 2.7 billion in 2002 from € 3.1 billion in 2001 primarily due to reduced interest rate margins and lower transaction volumes.

Net revenues increased by almost 3% in 2001 to € 3.1 billion from € 3.0 billion in 2000. 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 interest 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.

**Provision for Credit Losses.** The provision for credit losses in 2002 was a net release of € 40 million compared to a net release of € 53 million in 2001 and a negligible result in 2000.

The provision for credit losses in 2002 reflected an increase in exposures resulting from the drawdown of certain guarantees more than offset by reductions in the level of cross border exposures and provision transfers to Corporate Banking & Securities. In 2001, the net release resulted principally from the reductions in cross border exposures.

**Operating Cost Base.** The cost saving initiatives implemented within this corporate division have contributed to the reduced operating cost base, which was down to € 2.2 billion in 2002 from € 2.5 billion in 2001. Savings were recorded in most expense categories. Additionally, some of our costs are transaction volume based and have been affected by the reduced customer volumes that have been experienced.

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. However, our investment in information technology and operations increased the operating cost base by 8%, from € 2.3 billion in 2000 to € 2.5 billion in 2001.

**Cost/Income Ratio.** The cost/income ratio of 83% in 2002 was higher by 3 percentage points than in 2001. The benefits of our cost containment program have been more than offset by the reductions in revenues as individually discussed above.

The cost/income ratio of 80% in 2001 increased by 4 percentage points from 76% in 2000. This was principally as a result of cost increases that were not fully matched by the lower level of increases in revenues.



### 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, 2002, 2001 and 2000, in accordance with our management reporting systems:

| in € m. (except invested assets)  | 2002         | 2001          | 2000          |
|---|--------------|---------------|---------------|
| Portfolio/fund management   | 2,723        | 2,170         | 2,679         |
| Advisory  | 1,235        | 1,374         | 1,612         |
| Loan/deposit products   | 2,531        | 2,462         | 2,262         |
| Transaction fees  | 589          | 642           | 620           |
| Insurance business  | 963          | 3,487         | 4,484         |
| Other   | 931          | 258           | 343           |
| <b>Total net revenues</b>   | <b>8,972</b> | <b>10,393</b> | <b>12,000</b> |
| Provision for loan losses   | 227          | 206           | 192           |
| Provision for off-balance sheet positions   | (1)          | –             | –             |
| <b>Total provision for credit losses</b>  | <b>226</b>   | <b>206</b>    | <b>192</b>    |
| Policyholder benefits and claims  | 685          | 2,946         | 3,912         |
| Operating cost base <sup>1</sup>  | 6,422        | 6,954         | 6,313         |
| <b>Income before nonoperating costs</b>   | <b>1,639</b> | <b>287</b>    | <b>1,583</b>  |
| Average active equity   | 4,493        | 4,324         | 3,292         |
| Adjusted return on average active equity in % <sup>2</sup>  | 36%          | 7%            | 48%           |
| Cost/income ratio in % <sup>3</sup>   | 79%          | 95%           | 85%           |
| Invested assets (in € bn.)  | 963          | 911           | 929           |
| <i>Additional Information:</i>  |              |               |               |
| <b>Results of sold insurance and related activities included above</b>  |              |               |               |
| Insurance business  | 780          | 3,308         | 4,268         |
| Other   | 502          | –             | –             |
| <b>Total net revenues</b>   | <b>1,282</b> | <b>3,308</b>  | <b>4,268</b>  |
| <b>Provision for credit losses</b>  | <b>–</b>     | <b>2</b>      | <b>3</b>      |
| Policyholder benefits and claims  | 650          | 2,896         | 3,749         |
| Operating cost base <sup>1</sup>  | 103          | 376           | 432           |
| <b>Income before nonoperating costs</b>   | <b>529</b>   | <b>34</b>     | <b>84</b>     |
| Invested assets (in € bn.)  | –            | 19            | 17            |
| <sup>1</sup> Noninterest expenses excluding nonoperating costs (goodwill amortization/impairment, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims. |              |               |               |
| <sup>2</sup> Income before nonoperating costs divided by average active equity.   |              |               |               |
| <sup>3</sup> Operating cost base and policyholder benefits and claims divided by net revenues.  |              |               |               |

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.

## Asset Management Corporate Division

The following table sets forth the results of our Asset Management Corporate Division for the years ended December 31, 2002, 2001 and 2000, in accordance with our management reporting systems:

| in € m. (except invested assets)                           | 2002         | 2001         | 2000         |
|--|--------------|--------------|--------------|
| Portfolio/fund management                                  | 2,192        | 1,565        | 2,040        |
| Insurance business   | 44           | 57           | 162          |
| Other  | 277          | 231          | 205          |
| <b>Total net revenues</b>                                  | <b>2,513</b> | <b>1,853</b> | <b>2,407</b> |
| Provision for loan losses                                  | (3)          | 12           | –            |
| Provision for off-balance sheet positions                  | –            | –            | –            |
| <b>Total provision for credit losses</b>                   | <b>(3)</b>   | <b>12</b>    | <b>–</b>     |
| Policyholder benefits and claims                           | 35           | 48           | 161          |
| Operating cost base <sup>1</sup>                           | 2,022        | 1,619        | 1,326        |
| <b>Income before nonoperating costs</b>                    | <b>459</b>   | <b>174</b>   | <b>920</b>   |
| Average active equity                                      | 2,665        | 2,206        | 1,373        |
| Adjusted return on average active equity in % <sup>2</sup> | 17%          | 8%           | 67%          |
| Cost/income ratio in % <sup>3</sup>                        | 82%          | 90%          | 62%          |
| Invested assets (in € bn.)                                 | 726          | 631          | 641          |

<sup>1</sup> Noninterest expenses excluding nonoperating costs (goodwill amortization/impairment, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

<sup>2</sup> Income before nonoperating costs divided by average active equity.

<sup>3</sup> Operating cost base and policyholder benefits and claims divided by net revenues.

**Income Before Nonoperating Costs.** Income before nonoperating costs of our Asset Management Corporate Division was € 459 million in 2002, an increase of € 285 million, or 164%, as compared to 2001. This improvement was primarily attributable to reductions in our operating cost base and more favorable transactions from our real estate business.

Income before nonoperating costs was € 174 million in 2001, a decrease of € 746 million, or 81%, as compared to 2000. Decreased revenues of € 554 million due to unfavorable market conditions and increased operating costs of € 293 million accounted for the decrease in income before nonoperating costs. In the first quarter of 2003, we sold most of our Passive Asset Management business to Northern Trust Corporation. The revenues associated with the sold business accounted for less than 2% of Asset Management's total revenues. The related assets and liabilities were not material to the Group's total assets and liabilities.

**Net Revenues.** Net revenues rose € 660 million, or 36%, to € 2.5 billion in 2002. The acquisition of Scudder and RREEF in the second quarter of 2002 contributed € 579 million, or 88%, to the growth in net revenues. The remaining increase of € 81 million, or 12%, was due to more favorable year-over-year contributions from our real estate and hedge funds businesses of € 185 million and a gain of € 8 million on the sale of insurance-related activities. These increases were partially offset by lower fee income of approximately € 110 million from the traditional fund management business further reflecting the ongoing weak market environment experienced in 2002.

Net revenues were € 1.9 billion in 2001, a decrease of € 554 million, or 23%, as compared to 2000. This decrease arose principally from weaker market conditions in 2001, which led to reduced funds performance fees and funds management fees.

**Operating Cost Base.** The operating cost base increased € 403 million, or 25%, to € 2.0 billion in 2002. The main reason for the increase was the acquisition of Scudder and RREEF in the second quarter of 2002, which contributed € 573 million to our operating cost base. This increase was partially offset as the operating cost base in 2001 included write-downs on our real estate portfolio of approximately € 150 million.

The operating cost base was € 1.6 billion in 2001, an increase of € 293 million, or 22%, as compared to 2000. The increase was primarily due to compensation and benefits, which experienced organic growth in compensation levels as well as the full year effect of hiring in the second half of 2000. Also contributing to the increase were write-downs on our real estate portfolio in 2001 of approximately € 150 million and reorganization expenses incurred for our activities in France.

**Cost/Income Ratio.** From 2001 to 2002 the cost/income ratio decreased by 8 percentage points to 82% in 2002 with the impact of increased revenues discussed above outweighing the increased expense impact.

The increase in the cost/income ratio from 62% in 2000 to 90% in 2001 was mainly attributable to the strong net revenues and the lower operating cost base in 2000 as described above.

**Invested Assets.** Invested assets increased by € 95 billion, or 15%, to € 726 billion in 2002 compared to 2001. The primary driver of the increase was the acquired invested assets of Scudder and RREEF of € 292 billion. Because of the weak market environment in 2002, the positive impact of these acquisitions was largely offset by a net new money loss of € 25 billion, negative performance movements of € 86 billion and negative foreign currency impact of € 84 billion. Invested assets were essentially unchanged in 2001 compared to 2000.

The following table sets forth the results of our Private Banking Corporate Division for the years ended December 31, 2002, 2001 and 2000, in accordance with our management reporting systems:

**Private Banking  
Corporate Division**

| in € m. (except invested assets)   | 2002         | 2001         | 2000         |
|--|--------------|--------------|--------------|
| Portfolio/fund management  | 472          | 526          | 544          |
| Advisory   | 696          | 858          | 987          |
| Loan/deposit products  | 244          | 282          | 262          |
| Transaction fees   | 14           | 15           | (1)          |
| Insurance business   | 14           | 13           | 10           |
| Other  | 28           | 3            | 25           |
| <b>Total net revenues</b>  | <b>1,468</b> | <b>1,697</b> | <b>1,827</b> |
| Provision for loan losses  | 15           | 11           | 10           |
| Provision for off-balance sheet positions  | –            | –            | –            |
| <b>Total provision for credit losses</b>   | <b>15</b>    | <b>11</b>    | <b>10</b>    |
| Policyholder benefits and claims   | –            | –            | –            |
| Operating cost base <sup>1</sup>   | 1,324        | 1,482        | 1,396        |
| <b>Income before nonoperating costs</b>  | <b>129</b>   | <b>204</b>   | <b>421</b>   |
| Average active equity  | 386          | 417          | 397          |
| Adjusted return on average active equity in % <sup>2</sup>   | 34%          | 49%          | 106%         |
| Cost/income ratio in % <sup>3</sup>  | 90%          | 87%          | 76%          |
| Invested assets (in € bn.)   | 148          | 167          | 178          |
| <small><sup>1</sup> Noninterest expenses excluding nonoperating costs (goodwill amortization/impairment, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.</small> |              |              |              |
| <small><sup>2</sup> Income before nonoperating costs divided by average active equity.</small>   |              |              |              |
| <small><sup>3</sup> Operating cost base and policyholder benefits and claims divided by net revenues.</small>  |              |              |              |

**Income Before Nonoperating Costs.** Income before nonoperating costs of our Private Banking Corporate Division was € 129 million for the year ended December 31, 2002 compared to € 204 million for the year ended December 31, 2001. This decrease was mainly caused by lower revenues from our advisory products which were partially offset by reductions of our operating cost base. Income before nonoperating costs was € 204 million for the year ended December 31, 2001 as compared to € 421 million for the year ended December 31, 2000. The decline was primarily attributable to lower revenues from our advisory products and increases in our operating cost base.

**Net Revenues.** Net revenues totaled € 1.5 billion in 2002, a decline of € 229 million, or 13%, compared to 2001. 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. The decline in net revenues from advisory products was partially offset by net revenues of € 46 million generated by the Scudder Private Investment Counsel, which was acquired in the second quarter of 2002. This acquisition enhances our investment management capabilities and expands our distribution platform in the U.S.

Net revenues amounted to € 1.7 billion in 2001, a decline of € 130 million, or 7%, compared to 2000. Weaker revenues from our advisory business, which declined by € 129 million, or 13%, compared to 2000 was the primary reason for this decline. The weak market environment in 2001 led to a substantial restraint among our customers and a decline in securities-related commissions. Brokerage activity dropped significantly and our ability to market new products was limited.

Additionally, net revenues benefited in 2000 from booming stock markets in the first quarter when our customers' demand for new products (including initial public offerings) was significantly higher than throughout the year 2001.

**Provision for Credit Losses.** The provision for credit losses for the year ended December 31, 2002 totaled € 15 million compared to € 11 million for the year ended December 31, 2001. The increase primarily reflected losses for counterparties in Europe resulting from shortfalls in collateral levels as stock markets declined.

The provision for credit losses totaled € 11 million for the year ended December 31, 2001 was essentially unchanged compared to 2000.

**Operating Cost Base.** The operating cost base declined by € 158 million, or 11 %, to € 1.3 billion in 2002. The primary reasons for this decline were our ongoing cost containment efforts and our restructuring measures for the Private Banking business in Germany. In addition, costs declined due to lower costs for IT-projects as well as lower transaction-related costs due to reduced client activity. These decreases in our operating cost base were partially offset by the inclusion of the Scudder Private Banking business in the second quarter of 2002 which contributed € 48 million to the operating cost base in 2002.

The operating cost base was € 1.5 billion in 2001, an increase of € 86 million, or 6%, compared to 2000. The largest single items causing this increase were software and premises write-downs.

**Cost/Income Ratio.** The cost/income ratio for 2002 was 90% compared to 87% in 2001. The increase was attributable to the decrease in revenues as described above.

The cost/income ratio was 87% in 2001 compared to 76% in 2000, with the increase caused by the reduction in net revenues and the increase in our operating cost base as described above.

**Invested Assets.** Invested assets declined by € 19 billion, or 11 %, to € 148 billion at December 31, 2002. The additional invested assets of € 10 billion due to the integration of the Scudder Private Banking business were more than offset by market-driven valuation reductions in the other portfolios. The strengthening of the euro against the U.S. dollar also caused a further market-driven reduction. Compared to December 31, 2000, invested assets declined by € 11 billion, or 6%, to € 167 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 net new money.

The following table sets forth the results of our Personal Banking Corporate Division for the years ended December 31, 2002, 2001 and 2000, in accordance with our management reporting systems:

**Personal Banking  
Corporate Division**

| in € m. (except invested assets)   | 2002         | 2001         | 2000         |
|--|--------------|--------------|--------------|
| Portfolio/fund management  | 59           | 78           | 96           |
| Advisory   | 539          | 516          | 625          |
| Loan/deposit products  | 2,287        | 2,181        | 2,000        |
| Transaction fees   | 575          | 627          | 621          |
| Insurance business   | 905          | 3,417        | 4,312        |
| Other  | 626          | 24           | 112          |
| <b>Total net revenues</b>  | <b>4,991</b> | <b>6,843</b> | <b>7,766</b> |
| Provision for loan losses  | 215          | 183          | 182          |
| Provision for off-balance sheet positions  | (1)          | –            | –            |
| <b>Total provision for credit losses</b>   | <b>214</b>   | <b>183</b>   | <b>182</b>   |
| Policyholder benefits and claims   | 650          | 2,898        | 3,751        |
| Operating cost base <sup>1</sup>   | 3,076        | 3,853        | 3,591        |
| <b>Income (loss) before nonoperating costs</b>   | <b>1,051</b> | <b>(91)</b>  | <b>242</b>   |
| Average active equity  | 1,442        | 1,701        | 1,522        |
| Adjusted return on average active equity in % <sup>2</sup>   | 73%          | (5%)         | 16%          |
| Cost/income ratio in % <sup>3</sup>  | 75%          | 99%          | 95%          |
| Invested assets (in € bn.)   | 89           | 113          | 110          |
| <i>Additional Information:</i>   |              |              |              |
| <b>Results of sold insurance and related activities included above</b>   |              |              |              |
| Insurance business   | 780          | 3,308        | 4,268        |
| Other  | 494          | –            | –            |
| <b>Total net revenues</b>  | <b>1,274</b> | <b>3,308</b> | <b>4,268</b> |
| <b>Provision for credit losses</b>   | <b>–</b>     | <b>2</b>     | <b>3</b>     |
| Policyholder benefits and claims   | 650          | 2,896        | 3,749        |
| Operating cost base <sup>1</sup>   | 103          | 376          | 432          |
| <b>Income before nonoperating costs</b>  | <b>521</b>   | <b>34</b>    | <b>84</b>    |
| Invested assets (in € bn.)   | –            | 19           | 17           |
| <sup>1</sup> Noninterest expenses excluding nonoperating costs (goodwill amortization/impairment, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.<br><sup>2</sup> Income before nonoperating costs divided by average active equity.<br><sup>3</sup> Operating cost base and policyholder benefits and claims divided by net revenues. |              |              |              |

**Income Before Nonoperating Costs.** Income before nonoperating costs of our Personal Banking Corporate Division was € 1.1 billion for the year ended December 31, 2002. The results in 2002 included a net gain of € 494 million from the disposal of most of our insurance and related activities to Zurich Financial Services. The remaining increase of income before nonoperating costs was attributable to a significant reduction of our operating cost base and to increased revenues from loan/deposit and advisory products.

Loss before nonoperating costs was € 91 million for the year ended December 31, 2001, compared to income before nonoperating costs of € 242 million for the year ended December 31, 2000. The decrease in net revenues was primarily due to lower gains from securities available for sale and write-downs of securities available for sale for other-than-temporary impairment, predominantly related to our insurance business. This decline was substantially offset by reduced policyholder benefits and claims, reflecting lower allocations for the benefit of policyholders from the annual surplus of our insurance subsidiaries. The operating cost base increased, mainly due to specific items such as the introduction of the euro and e-commerce initiatives. Excluding these items, the operating cost base was essentially unchanged.

Comparison figures for historical periods are materially affected by the sale of the insurance and related activities. The following discussion of Personal Banking's results of operations excludes the results of these activities in all periods.

**Net Revenues.** Net revenues increased by € 182 million, or 5%, compared to 2001. The growth in net revenues from our loan/deposit products was attributable to higher volumes. Revenues from advisory products increased despite the weak market environment, due to the launch of new products (e.g. XAVEX) and a higher demand for funds products after the reform of the German pension system. This reform also had a positive effect on the referral of insurance products from our former subsidiaries.

Net revenues were € 3.5 billion in 2001, essentially unchanged compared to 2000. Net revenues from our advisory business and our portfolio/fund management business were negatively impacted by the continued weakness in the international capital markets that led to a substantial restraint among our customers regarding securities transactions. This decrease was offset by higher net revenues from loan and deposits products due to increased volumes.

**Provision for Credit Losses.** Provision for credit losses increased to € 214 million in 2002 reflecting the challenging credit environment.

In 2001, our provision for credit losses was € 181 million, a slight increase of € 2 million compared to 2000.

**Operating Cost Base.** The operating cost base was € 3.0 billion in 2002, a decrease of € 504 million, or 14%, as compared to 2001. The significant reduction in 2002 resulted from our activities to improve efficiency and to control discretionary spending. Compensation and benefits expenses were reduced by more than 10% reflecting headcount reductions in connection with our restructuring activities. Non-compensation expenses decreased by more than 15% mainly due to reduced spending for marketing, information technology and business consulting as well as due to lower occupancy expenses reflecting the restructuring of our branch network in 2002.

The operating cost base was € 3.5 billion in 2001, an increase of € 318 million, or 10%, as compared to 2000. The increase was mainly attributable to expenses for specific projects such as the introduction of the euro and e-commerce initiatives. Excluding these items, the operating cost base was essentially unchanged reflecting cost containment activities we implemented.

**Cost/Income Ratio.** The cost/income ratio was 80% in the year 2002. This is a significant improvement of 18 percentage points compared to 2001, reflecting our reduced operating cost base and increased net revenues as described above.

The cost/income ratio was 98% in 2001 compared with 90% in 2000, an increase primarily due to the increases in the 2001 operating cost base as described above.

**Invested Assets.** Invested assets in 2002 were € 89 billion, a decrease of € 5 billion compared to 2001. This decrease was attributable to a decline in market values of equities and mutual funds (€ 7 billion), partly offset by net new money (€ 2 billion).

Invested assets in 2001 were € 94 billion compared to € 93 billion in 2000. Reductions in market values of € 8 billion were due to the weak performance on the equity markets. They were more than offset by net new money, mainly from mutual funds and equities.

The following table sets forth the results of our Corporate Investments Group Division for the years ended December 31, 2002, 2001 and 2000, in accordance with our management reporting systems:

### Corporate Investments Group Division

| in € m.  | 2002         | 2001         | 2000         |
|--|--------------|--------------|--------------|
| <b>Net revenues</b>  | <b>3,086</b> | <b>2,054</b> | <b>4,396</b> |
| Provision for loan losses                                  | 155          | 199          | 186          |
| Provision for off-balance sheet positions                  | (11)         | 3            | –            |
| <b>Total provision for credit losses</b>                   | <b>144</b>   | <b>202</b>   | <b>186</b>   |
| Operating cost base <sup>1</sup>                           | 1,222        | 1,363        | 1,576        |
| <b>Income before nonoperating costs</b>                    | <b>1,720</b> | <b>489</b>   | <b>2,634</b> |
| Average active equity                                      | 6,751        | 7,757        | 5,500        |
| Adjusted return on average active equity in % <sup>2</sup> | 25%          | 6%           | 48%          |
| Cost/income ratio in % <sup>3</sup>                        | 40%          | 66%          | 36%          |

<sup>1</sup> Noninterest expenses excluding nonoperating costs (goodwill amortization/impairment, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

<sup>2</sup> Income before nonoperating costs divided by average active equity.

<sup>3</sup> Operating cost base and policyholder benefits and claims divided by net revenues.

**Income Before Nonoperating Costs.** Income before nonoperating costs of our Corporate Investments Group Division was € 1.7 billion for the year ended December 31, 2002, an increase of € 1.2 billion, or 252%, as compared to the year ended December 31, 2001. The increase was primarily attributable to higher gains from the sale of industrial holdings.

Income before nonoperating costs was € 489 million for the year ended December 31, 2001, a decrease of € 2.1 billion, or 81%, as compared to the year ended December 31, 2000. Write-downs and valuation adjustments of some of our alternative assets together with lower gains from the sales of industrial holdings accounted for most of the decrease.

In November 2002, we entered into exclusive negotiations with the management team of DB Capital Partners regarding the sale of our late-stage private equity portfolio. The transaction, which comprises the sale of 80% of our Late-stage Private Equity Portfolio, was completed in February 2003.



**Net Revenues.** Net revenues were € 3.1 billion in 2002, an increase of € 1.0 billion, or 50 %, as compared to 2001.

Net revenues in 2002 included € 3.5 billion net gains from our industrial holdings portfolio which primarily related to the sale of our remaining stake in Munich Re (net gain of € 2.6 billion) and the sale of some of our interest in Allianz AG (net gain of approximately € 400 million). Further transactions in 2002 included the sales of our stakes in Deutsche Börse AG, RWE AG, Buderus AG and Continental AG as well as the reduction of our stake in Südzucker AG. In 2001, the largest transaction relating to our industrial holdings portfolio was the sale of some of our interest in Munich Re resulting in a gain of € 1.4 billion. Net revenues in 2001 also reflected a gain of approximately € 800 million for nontrading derivatives in connection with our industrial holdings portfolio compared to a gain of approximately € 150 million in 2002.

In 2002, net revenues included a net gain of € 438 million from the deemed sale of a partial interest of our mortgage banking subsidiary EUROHYPO, together with the related contribution of part of our London-based real estate investment banking business. Also included were anticipated losses of € 217 million related to our Private Equity business held for sale and a net loss of € 236 million related to the sale of the major part of our North American financial services business. Charges in 2001 of € 80 million were also related to our North American financial services business.

Net revenues in 2002 also reflected net write-downs of € 435 million on our alternative investments portfolio and net losses of € 728 million on certain equity method investments including € 706 million from our equity method investment in Gerling-Konzern Versicherungs-Beteiligungs-AG. Similar charges in 2001 amounted to € 1.1 billion, net of a gain on the disposal of a building of € 233 million.

The remaining variance in net revenues in 2002 compared to 2001 was attributable to reduced revenues after the disposal of the above mentioned businesses combined with lower dividend income from our industrial holdings portfolio.

At year-end 2002, the alternative assets portfolio of the Corporate Investments Group Division had a carrying value of € 6.8 billion, of which 51 % were private equity direct investments, 25 % were real estate investments and 24 % were private equity indirect and other investments. We continue to monitor the portfolio on a quarterly basis for any potential impairment. If the public equity and high-yield financing markets continue to deteriorate, we may determine that further write-downs and valuation adjustments are necessary.

Net revenues were € 2.1 billion in 2001, a decrease of € 2.3 billion, or 53 %, as compared to 2000.

The largest transaction relating to our industrial holdings portfolio in 2001 was the reduction of our stake in Munich Re which resulted in a gain of € 1.4 billion. The largest transaction in 2000 was a sale of some of our interest in Allianz AG with a gain of € 2.3 billion. Net revenues in 2001 also included a gain of approximately € 800 million for nontrading derivatives related to our industrial holdings portfolio.

Net revenues from our alternative investments portfolio were materially impacted by adverse market conditions in 2001, which resulted in write-downs and valuation adjustments, net of gains from disposals of € 1.1 billion in 2001 (including a gain of € 233 million on the sale of a building) as compared to approximately € 200 million for such net charges in 2000. Most of the write-downs were related to investments in the technology and telecommunication sectors.

At year-end 2001, the alternative assets portfolio in Corporate Investments had a carrying value of € 8.2 billion, of which 59% were private equity direct investments, 17% were real estate investments and 24% were private equity indirect and other investments.

**Provision for Credit Losses.** The provision for credit losses was € 144 million in 2002 compared to € 202 million in 2001. The € 58 million reduction was primarily attributable to the deconsolidation of EUROHYPO in the third quarter of 2002.

The provision for credit losses was € 202 million in 2001, an increase of € 16 million, or 9%, as compared to 2000. This increase was primarily related to a higher provision concerning our mortgage banking business, partly compensated by a provision decline related to our industrial holdings portfolio.

**Operating Cost Base.** The operating cost base decreased in 2002 to € 1.2 billion from € 1.4 billion in 2001. The reduction primarily resulted from the above described deconsolidation of our mortgage banking and North American financial services businesses in 2002 and the disposal of NDB brokerage business in the third quarter of 2001. In 2002, the operating cost base also included € 60 million related to the buyout of our Coinvestment plans.

The operating cost base declined in 2001 to € 1.4 billion from € 1.6 billion in 2000, which was a result of a decrease in expenses for strategic initiatives.

**Cost/Income Ratio.** The cost/income ratio was 40% in 2002 compared with 66% in 2001. This improvement is primarily the result of increased revenues due to sales of certain industrial holdings as described above.

The cost/income ratio was 66% in 2001 compared with 36% in 2000. This decline is due to the decrease in revenues from the sale of industrial holdings, and an increase in private equity write-downs in 2001.

## Recent Accounting Developments

### SFAS 141 and 142

Effective January 1, 2002, we adopted 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 at least annually. Upon adoption of the requirements of SFAS 142, as of January 1, 2002, we discontinued the amortization of goodwill with a net carrying amount of € 8.7 billion. We also recognized a € 37 million tax-free gain as a cumulative effect of change in accounting principle from the write-off of negative goodwill and there were no reclassifications between goodwill and other intangible assets. We recognized a € 62 million loss from impairment of goodwill during the fourth quarter of 2002 resulting from the decision to sell a portion of our private equity business. This sale closed in the first quarter of 2003. SFAS 142 does not require retroactive restatement for all periods presented, however, pro forma information for 2001 and 2000 is provided (see Note [12]) and assumes that SFAS 142 was in effect as of January 1, 2000.

### SFAS 144

Effective January 1, 2002, we adopted 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", and the accounting and reporting 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", for the disposal of a segment of a business. This Statement also amends ARB No. 51, "Consolidated Financial Statements", to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. 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 did not have a material impact on our consolidated financial statements. See Note [13] for information regarding assets held for sale at December 31, 2002.

### EITF 02-3

Effective November 21, 2002, we adopted provisions in EITF Issue No. 02-3, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities" ("EITF 02-3") that require that up front dealer profit (or loss) should not be recognized on derivative contracts unless supported by observable market data, observable prices of other current market transactions or other observable data supporting the valuation technique. The adoption did not have a material impact on our consolidated financial statements for 2002. We do not expect EITF 02-3 to affect the ultimate recognition of dealer profit (or loss), however, it may affect the timing of that recognition.

The other provisions of EITF 02-3, related to energy and derivative contracts held for trading purposes, which have effective dates in 2002 and 2003, do not or are not expected to have a material impact on our consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"). SFAS 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS 146 replaces the existing guidance provided by EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". SFAS 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002.

#### **SFAS 146**

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"), which addresses the disclosure to be made by a guarantor in its interim and annual financial statements about its guarantee obligations. These disclosure requirements are included in Note [30] to the consolidated financial statements. FIN 45 also requires the recognition of a liability for the fair value at inception of guarantees entered into or modified after December 31, 2002. The adoption of FIN 45 will not have a material impact on our consolidated financial statements.

#### **FIN 45**

In March 2003, we decided to adopt the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") prospectively for all employee awards granted, modified or settled after January 1, 2003. This prospective adoption is one of the methods provided for under SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure". Generally, the fair value based method under SFAS 123 results in higher compensation expense for stock options depending on the significant terms, such as the number of shares and exercise price, of the options being granted.

#### **SFAS 148**

The majority of our stock option awards are granted on a date shortly after the end of the performance year with an effective date as of the end of the performance year. We are currently evaluating the potential impact, if any, of prospectively adopting the fair value provisions of SFAS 123 on future option awards and other share-based compensation plans.

**FIN 46**

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). FIN 46 requires a company to consolidate entities that do not have sufficient independent equity if the company will absorb a majority of the entity's expected losses, or receive the majority of the entity's expected residual gains, or both. Securitization vehicles that are qualifying special purpose entities under SFAS 140 are excluded from the new rule and remain unconsolidated. For us, the Interpretation is effective immediately for entities established after January 31, 2003, and is effective July 1, 2003, for entities created before February 1, 2003. We are evaluating the effect, if any, that the adoption of FIN 46 will have on our consolidated financial statements. FIN 46 requires transitional disclosures where it is reasonably possible that we will have to consolidate or disclose information about certain entities when this Interpretation becomes effective. These transitional disclosures are included in Note [9] to the consolidated financial statements.

## Outlook

We still act in a challenging environment. The recovery promised by confidence indicators in spring 2002 did not materialize. On the contrary, growth slowed during the year and the Euroland economy entered 2003 on a very sluggish note. External demand, the major engine of growth in 2002, will be dampened by the appreciating euro as global growth will remain soft. One positive factor for domestic demand should be the decline in Euroland inflation, which will improve consumers' real purchasing power. Still, GDP growth in 2003 will be only marginally higher than in 2002 and fall some 1.5 percentage points short of the economy's potential growth rate. Both the situation in the Middle East and, partly related to that, the further development of the USD/EUR exchange rate pose significant downside risks to this already not very optimistic scenario. Germany will continue to be a growth laggard in Euroland with current-year GDP barely rising.

Market 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 the stock markets and their participants is still at a very low level. Nevertheless, prospects for the bank are favorable. We will continue to benefit from the cost reduction progress we achieved in 2002 and the measures we took to strengthen our balance sheet. And even if the German economy worsens, the steps we have already taken to limit our credit exposure should prevent any upsurge in loss provisioning. All the measures taken in 2002 position us very well for a market rebound.

Having made such great progress on transforming the bank, we now intend to concentrate on growing our businesses and making better use of cross-divisional synergies within the bank. In essence, we are aiming at continued product innovation within our client-tailored approach, increased share of wallet of existing customers, further penetration of customer target segments as well as organic growth complemented with disciplined add-on acquisitions.

In CIB, we want to accelerate our efforts to concentrate, more selectively, on those companies and institutions whom we can serve best and most profitably. We want to continue to increase the cost-effectiveness of our salesforce, focusing ever more intensively on problem solving for our clients, improving our share of wallet, and returns from key relationships. Only recently, we decided to separate a part of our corporate and institutional client coverage from our Global Corporate Finance (GCF) Business Division. This will constitute a new business division called Global Banking Division (GBD).

In PCAM, we intend to grow particularly in Private & Business Clients, Asset Management and Private Wealth Management. We believe that this is a key component of managing performance (both improving profitability and diversifying our earnings base) as well as a critical step in positioning ourselves strategically for the future. Through the acquisition of Scudder, we have attained 'bulge bracket' status in the asset management arena as measured by invested assets. The re-segmentation of our Private Banking and Personal Banking Divisions into the new corporate division Private & Business Clients and the new business division Private Wealth Management, enhances our strategic focus and ability to target products and services to client needs. The Scudder acquisition also enhanced our Private Wealth Management franchise in the U.S., and strengthened the platform from which we can deliver investment management services to high net worth individuals. It is our stated strategy of growing this business both organically and through selective, add-on acquisitions.

After having sold our late-stage private equity portfolio through a management buy-out in February 2003, Corporate Investments will comprise our remaining private equity and venture capital assets, our industrial holdings, third-party private equity funds and principal-owned real estate assets. In the context of our strategy of value preservation, enhancement and realization we want to carefully manage this portfolio.

Risk management will be a key success factor in 2003. We are confident in our ability to carefully and attentively manage and address our credit risk exposures. This commitment is evidenced by a change in the measurement in our other inherent loss allowance making the provision more sensitive to the prevailing credit environment and less based on historical experience. In addition, we plan to introduce a new pricing model to better shield ourselves from loan losses, making us the first German financial institution to make such a move. Responding to upcoming changes in the regulatory environment, we implemented a revised Operational Risk Management Policy, effective January 1, 2003, setting the route for a strong, fully functional and proactive management of Operational Risk.

Continued cost discipline will remain a top priority and we expect to see the full benefits of the successful cost reductions in the financial year 2003. Nevertheless, we are committed to maintain our rigorous attitude to reducing our cost base, constantly improving the efficiency of our businesses and infrastructure platforms.

We want to continue to redeploy our capital and balance sheet towards customers, markets and businesses which generate the greatest return to shareholders. On the other hand, we are ready to withdraw capital from activities whose returns, and risks, do not offer sufficient reward. During the current challenging market conditions, we believe it is prudent to maintain our Tier 1 ratio (BIS) above the 8–9% target band. We will closely monitor capitals levels in 2003 and adjust them as conditions warrant.

Overall, we still face significant challenges as we look forward to 2003 as our operating environment will continue to be very hard. Nevertheless, we believe that our strengthening competitive position will provide us with opportunities even in volatile markets.

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Due to rounding, numbers presented throughout this document may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.



# Income Statement

Deutsche Bank Group

## Income Statement

| in € m.  | [Notes]               | 2002          | 2001          | 2000          |
|--|-----------------------|---------------|---------------|---------------|
| Interest revenues  | [1], [21], [30]       | 35,781        | 53,639        | 55,131        |
| Interest expense   | [1], [21], [30]       | 28,595        | 45,019        | 48,103        |
| <b>Net interest revenues</b>   |                       | <b>7,186</b>  | <b>8,620</b>  | <b>7,028</b>  |
| Provision for loan losses  | [1], [7], [8]         | 2,091         | 1,024         | 478           |
| <b>Net interest revenues after provision for loan losses</b>                                   |                       | <b>5,095</b>  | <b>7,596</b>  | <b>6,550</b>  |
| Commissions and fees from fiduciary activities   |                       | 3,926         | 3,537         | 3,908         |
| Commissions, broker's fees, markups on securities underwriting and other securities activities |                       | 4,319         | 4,557         | 5,170         |
| Fees for other customer services   |                       | 2,589         | 2,633         | 2,615         |
| Insurance premiums   | [1]                   | 744           | 2,717         | 2,837         |
| Trading revenues, net  | [1], [22], [30]       | 4,024         | 6,031         | 7,625         |
| Net gains on securities available for sale   | [1], [5]              | 3,523         | 1,516         | 3,670         |
| Net income (loss) from equity method investments   | [1], [6]              | (887)         | (365)         | 300           |
| Other revenues   | [1]                   | 1,123         | 295           | 1,326         |
| <b>Total noninterest revenues</b>  |                       | <b>19,361</b> | <b>20,921</b> | <b>27,451</b> |
| Compensation and benefits  | [1], [18], [24], [30] | 11,358        | 13,360        | 13,526        |
| Net occupancy expense of premises  | [1]                   | 1,291         | 1,334         | 1,090         |
| Furniture and equipment  | [1]                   | 230           | 357           | 568           |
| IT costs   | [1]                   | 2,188         | 2,343         | 2,215         |
| Agency and other professional service fees   |                       | 761           | 1,080         | 1,151         |
| Communication and data services  |                       | 792           | 891           | 762           |
| Policyholder benefits and claims   | [1]                   | 759           | 3,002         | 4,003         |
| Other expenses   | [1]                   | 2,883         | 3,182         | 2,921         |
| Goodwill amortization/impairment   | [1], [3], [12]        | 62            | 871           | 771           |
| Restructuring activities   | [25]                  | 583           | 294           | 125           |
| <b>Total noninterest expenses</b>  |                       | <b>20,907</b> | <b>26,714</b> | <b>27,132</b> |
| <b>Income before income tax expense (benefit) and cumulative effect of accounting changes</b>  |                       | <b>3,549</b>  | <b>1,803</b>  | <b>6,869</b>  |
| Income tax expense   | [1], [26]             | 372           | 434           | 2,643         |
| Income tax expense (benefit) from the change in effective tax rate and the reversing effect    | [26]                  | 2,817         | 995           | (9,287)       |
| <b>Income before cumulative effect of accounting changes, net of tax</b>                       |                       | <b>360</b>    | <b>374</b>    | <b>13,513</b> |
| Cumulative effect of accounting changes, net of tax  | [2]                   | 37            | (207)         | -             |
| <b>Net income</b>  |                       | <b>397</b>    | <b>167</b>    | <b>13,513</b> |

## Earnings Per Share Figures

| in €  | [18], [27] | 2002        | 2001        | 2000         |
|---|------------|-------------|-------------|--------------|
| <b>Earnings per common share</b>                                  |            |             |             |              |
| Basic   |            |             |             |              |
| Income before cumulative effect of accounting changes, net of tax |            | 0.58        | 0.60        | 22.00        |
| Cumulative effect of accounting changes, net of tax               |            | 0.06        | (0.33)      | -            |
| <b>Net income</b>   |            | <b>0.64</b> | <b>0.27</b> | <b>22.00</b> |
| Diluted   |            |             |             |              |
| Income before cumulative effect of accounting changes, net of tax |            | 0.57        | 0.60        | 21.72        |
| Cumulative effect of accounting changes, net of tax               |            | 0.06        | (0.33)      | -            |
| <b>Net income</b>   |            | <b>0.63</b> | <b>0.27</b> | <b>21.72</b> |
| <b>Cash dividends declared per common share</b>                   |            | <b>1.30</b> | <b>1.30</b> | <b>1.15</b>  |

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.  | 2002           | 2001           | 2000           |
|--|----------------|----------------|----------------|
| <b>Net income</b>  | <b>397</b>     | <b>167</b>     | <b>13,513</b>  |
| Deferred tax on unrealized net gains on securities available for sale relating to 1999 and 2000 tax rate changes in Germany <sup>1</sup> | 2,817          | 995            | –              |
| Unrealized gains (losses) on securities available for sale   |                |                |                |
| Unrealized net losses arising during the year, net of tax and other <sup>2</sup>   | (5,596)        | (2,496)        | (1,185)        |
| Net reclassification adjustment for realized net gains, net of applicable tax and other <sup>3</sup>                                     | (3,527)        | (1,423)        | (1,516)        |
| Unrealized net gains (losses) on derivatives hedging variability of cash flows, net of tax <sup>4</sup>                                  | 2              | (1)            | –              |
| Minimum pension liability, net of tax <sup>5</sup>   | (8)            | –              | –              |
| Unrealized foreign currency translation gains (losses) arising during the year, net of tax <sup>6</sup>                                  | (1,602)        | 85             | 432            |
| <b>Total other comprehensive income (loss)</b>   | <b>(7,914)</b> | <b>(2,840)</b> | <b>(2,269)</b> |
| <b>Comprehensive income (loss)</b>   | <b>(7,517)</b> | <b>(2,673)</b> | <b>11,244</b>  |

<sup>1</sup> Amounts relate to the reversal effect of a tax benefit realized in 1999 and 2000 due to tax rate changes in 1999 and 2000.

<sup>2</sup> Amounts are net of an income tax benefit of € 69 million, € 105 million and € 820 million for the years ended December 31, 2002, 2001 and 2000, respectively, and adjustments to insurance policyholder liabilities and deferred acquisition costs of € (230) million, € (610) million and € 5 million for the years ended December 31, 2002, 2001 and 2000, respectively.

<sup>3</sup> Amounts are net of applicable income tax expense of € 15 million, € 144 million and € 1,702 million for the years ended December 31, 2002, 2001 and 2000, respectively, and adjustments to insurance policyholder liabilities and deferred acquisition costs of € 110 million, € (44) million and € 429 million for the years ended December 31, 2002, 2001 and 2000, respectively.

<sup>4</sup> The amount is net of an income tax expense for the year ended December 31, 2002 and an income tax benefit for the year ended December 31, 2001.

<sup>5</sup> Amount is net of an income tax benefit of € 3 million for the year ended December 31, 2002.

<sup>6</sup> Amounts are net of an income tax (benefit) expense of € 26 million, € (41) million and € (35) million for the years ended December 31, 2002, 2001 and 2000, respectively.

# Balance Sheet

Deutsche Bank Group

## Assets

| in € m.   | [Notes]                              | Dec 31, 2002   | Dec 31, 2001   |
|---|--------------------------------------|----------------|----------------|
| Cash and due from banks   | [1], [19], [32]                      | 8,979          | 10,388         |
| Interest-earning deposits with banks  | [10], [32]                           | 25,691         | 37,986         |
| Central bank funds sold and securities purchased under resale agreements  | [1], [32]                            | 117,689        | 103,685        |
| Securities borrowed   | [1], [32]                            | 37,569         | 40,318         |
| Trading assets  | [1], [4], [10], [32]                 | 297,062        | 293,653        |
| of which € 70 billion and € 16 billion were pledged to creditors and can be sold or repledged at December 31, 2002 and 2001, respectively   |                                      |                |                |
| Securities available for sale   | [1], [5], [10], [32]                 | 21,619         | 71,666         |
| of which € 736 million and € 524 million were pledged to creditors and can be sold or repledged at December 31, 2002 and 2001, respectively |                                      |                |                |
| Other investments   | [6], [32]                            | 10,768         | 11,997         |
| Loans, net  | [1], [7], [8], [9], [10], [31], [32] | 167,303        | 259,838        |
| Premises and equipment, net   | [1], [10], [11]                      | 8,883          | 9,806          |
| Goodwill  | [1], [2], [12]                       | 8,372          | 8,741          |
| Other intangible assets, net  | [1], [2], [12]                       | 1,411          | 206            |
| Other assets related to insurance business  | [23]                                 | 7,797          | 13,875         |
| Due from customers on acceptances   |                                      | 99             | 553            |
| Accrued interest receivable   |                                      | 4,208          | 5,907          |
| Other assets  |                                      | 40,905         | 49,603         |
| <b>Total assets</b>   |                                      | <b>758,355</b> | <b>918,222</b> |

## Liabilities and Shareholders' Equity

| in € m.   | [Notes]        | Dec 31, 2002   | Dec 31, 2001   |
|---|----------------|----------------|----------------|
| Noninterest-bearing deposits  | [32]           |                |                |
| Domestic offices  |                | 21,960         | 22,244         |
| Foreign offices   |                | 8,598          | 7,487          |
| Interest-bearing deposits   | [32]           |                |                |
| Domestic offices  |                | 95,033         | 96,659         |
| Foreign offices   |                | 202,034        | 247,699        |
| <b>Total deposits</b>   |                | <b>327,625</b> | <b>374,089</b> |
| Trading liabilities   | [1], [4], [32] | 131,212        | 121,329        |
| Central bank funds purchased and securities sold under repurchase agreements  | [1], [32]      | 90,709         | 81,375         |
| Securities loaned   | [1], [32]      | 8,790          | 7,620          |
| Other short-term borrowings   | [14], [32]     | 11,573         | 20,472         |
| Acceptances outstanding   |                | 99             | 553            |
| Insurance policy claims and reserves  | [23]           | 8,557          | 35,241         |
| Accrued interest payable  |                | 4,668          | 7,423          |
| Other liabilities   | [24], [25]     | 37,695         | 58,943         |
| Long-term debt  | [15], [32]     | 104,055        | 166,908        |
| Trust preferred securities  | [16], [32]     | 3,103          | 4,076          |
| Obligation to purchase common shares  | [17]           | 278            | -              |
| <b>Total liabilities</b>  |                | <b>728,364</b> | <b>878,029</b> |
| Common shares, no par value, nominal value of € 2.56 <sup>1</sup>   |                | 1,592          | 1,591          |
| Additional paid-in capital  |                | 11,199         | 11,253         |
| Retained earnings   |                | 22,087         | 22,619         |
| Common shares in treasury, at cost <sup>2</sup>   |                | (1,960)        | (479)          |
| Equity classified as obligation to purchase common shares   |                | (278)          | -              |
| Share awards  |                | 955            | 899            |
| Accumulated other comprehensive income  | [1]            |                |                |
| Deferred tax on unrealized net gains on securities available for sale relating to 1999 and 2000 tax rate changes in Germany |                | (3,043)        | (5,860)        |
| Unrealized net gains on securities available for sale, net of applicable tax and other                                      |                | 156            | 9,279          |
| Unrealized net gains (losses) on derivatives hedging variability of cash flows, net of tax                                  |                | 1              | (1)            |
| Minimum pension liability, net of tax   |                | (8)            | -              |
| Foreign currency translation, net of tax  |                | (710)          | 892            |
| <b>Total accumulated other comprehensive income</b>   |                | <b>(3,604)</b> | <b>4,310</b>   |
| <b>Total shareholders' equity</b>   | [18], [20]     | <b>29,991</b>  | <b>40,193</b>  |
| <b>Total liabilities and shareholders' equity</b>   |                | <b>758,355</b> | <b>918,222</b> |

Commitments and contingent liabilities (Notes [11], [30] and [33]).

<sup>1</sup> Issued: 2002: 621,854,246 shares; 2001: 621,568,446 shares.

<sup>2</sup> Common shares in treasury, at cost: 2002: 36,407,292 shares; 2001: 7,092,821 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.   | 2002          | 2001          | 2000          |
|---|---------------|---------------|---------------|
| <b>Common shares</b>  |               |               |               |
| Balance, beginning of year  | 1,591         | 1,578         | 1,573         |
| Common shares distributed under employee benefit plans  | 1             | 13            | 5             |
| Balance, end of year  | 1,592         | 1,591         | 1,578         |
| <b>Additional paid-in capital</b>   |               |               |               |
| Balance, beginning of year  | 11,253        | 10,876        | 10,556        |
| Common shares distributed under employee benefit plans  | 21            | 462           | 188           |
| Net gains (losses) on treasury shares sold  | (129)         | (85)          | 132           |
| Other   | 54            | –             | –             |
| Balance, end of year  | 11,199        | 11,253        | 10,876        |
| <b>Retained earnings</b>  |               |               |               |
| Balance, beginning of year  | 22,619        | 23,331        | 10,581        |
| Net income  | 397           | 167           | 13,513        |
| Cash dividends declared and paid  | (800)         | (801)         | (706)         |
| Other   | (129)         | (78)          | (57)          |
| Balance, end of year  | 22,087        | 22,619        | 23,331        |
| <b>Common shares in treasury, at cost</b>   |               |               |               |
| Balance, beginning of year  | (479)         | (119)         | (61)          |
| Purchases of shares   | (30,755)      | (37,032)      | (35,731)      |
| Sale of shares  | 28,441        | 36,090        | 35,366        |
| Treasury shares distributed under employee benefit plans  | 833           | 582           | 307           |
| Balance, end of year  | (1,960)       | (479)         | (119)         |
| <b>Equity classified as obligation to purchase common shares</b>  |               |               |               |
| Balance, beginning of year  | –             | –             | –             |
| Additions   | (330)         | –             | –             |
| Deductions  | 52            | –             | –             |
| Balance, end of year  | (278)         | –             | –             |
| <b>Share awards – common shares issuable</b>  |               |               |               |
| Balance, beginning of year  | 1,666         | 1,883         | 821           |
| Deferred share awards granted, net  | 1,098         | 487           | 1,356         |
| Deferred shares distributed   | (809)         | (704)         | (294)         |
| Balance, end of year  | 1,955         | 1,666         | 1,883         |
| <b>Share awards – deferred compensation</b>   |               |               |               |
| Balance, beginning of year  | (767)         | (1,016)       | (538)         |
| Deferred share awards granted, net  | (1,098)       | (487)         | (1,356)       |
| Amortization of deferred compensation, net  | 865           | 736           | 878           |
| Balance, end of year  | (1,000)       | (767)         | (1,016)       |
| <b>Accumulated other comprehensive income</b>   |               |               |               |
| Balance, beginning of year  | 4,310         | 7,150         | 9,419         |
| Change in deferred tax on unrealized net gains on securities available for sale relating to 1999 and 2000 tax rate changes in Germany | 2,817         | 995           | –             |
| Change in unrealized net gains on securities available for sale, net of applicable tax and other                                      | (9,123)       | (3,919)       | (2,701)       |
| Change in unrealized net gains/losses on derivatives hedging variability of cash flows, net of tax                                    | 2             | (1)           | –             |
| Change in minimum pension liability, net of tax   | (8)           | –             | –             |
| Foreign currency translation, net of tax  | (1,602)       | 85            | 432           |
| Balance, end of year  | (3,604)       | 4,310         | 7,150         |
| <b>Total shareholders' equity, end of year</b>  | <b>29,991</b> | <b>40,193</b> | <b>43,683</b> |

The accompanying notes are an integral part of the Consolidated Financial Statements.

# Cash Flow Statement

Deutsche Bank Group

## Cash Flow Statement

| in € m.  | 2002            | 2001            | 2000            |
|--|-----------------|-----------------|-----------------|
| <b>Net income</b>  | <b>397</b>      | <b>167</b>      | <b>13,513</b>   |
| Adjustments to reconcile net income to net cash used in operating activities                       |                 |                 |                 |
| Provision for loan losses  | 2,091           | 1,024           | 478             |
| Restructuring activities   | 583             | 294             | 125             |
| Gain on sale of securities available for sale, other investments, loans and other                  | (4,928)         | (2,806)         | (4,161)         |
| Deferred income taxes, net   | 2,480           | (159)           | (8,332)         |
| Impairment, depreciation and other amortization and accretion                                      | 2,845           | 4,886           | 3,320           |
| Cumulative effect of accounting changes, net of tax  | (37)            | 207             | –               |
| Share of net loss (income) from equity method investments  | 753             | 278             | (338)           |
| <b>Income adjusted for noncash charges, credits and other items</b>                                | <b>4,184</b>    | <b>3,891</b>    | <b>4,605</b>    |
| Net change in  |                 |                 |                 |
| Trading assets   | (4,071)         | (1,263)         | (35,599)        |
| Other assets   | 8,627           | (9,670)         | 11,258          |
| Trading liabilities  | 11,412          | (3,022)         | (16,411)        |
| Other liabilities  | (20,639)        | (4,559)         | (264)           |
| Other, net   | (296)           | 1,412           | 3,075           |
| <b>Net cash used in operating activities</b>   | <b>(783)</b>    | <b>(13,211)</b> | <b>(33,336)</b> |
| Net change in  |                 |                 |                 |
| Interest-earning deposits with banks   | 7,800           | 9,232           | (11,238)        |
| Central bank funds sold and securities purchased under resale agreements                           | (14,004)        | (47,959)        | 36,185          |
| Securities borrowed  | 2,749           | 33,138          | (7,272)         |
| Loans  | 9,634           | 5,802           | (28,064)        |
| Proceeds from  |                 |                 |                 |
| Sale of securities available for sale  | 25,835          | 41,128          | 43,058          |
| Maturities of securities available for sale  | 7,731           | 2,746           | 17,369          |
| Sale of other investments  | 5,089           | 7,096           | 4,405           |
| Sale of loans  | 9,508           | 16,185          | 16,496          |
| Sale of premises and equipment   | 717             | 1,015           | 344             |
| Purchase of  |                 |                 |                 |
| Securities available for sale  | (22,464)        | (34,289)        | (55,463)        |
| Other investments  | (4,474)         | (7,976)         | (7,702)         |
| Loans  | (2,364)         | (8,903)         | (7,586)         |
| Premises and equipment   | (1,696)         | (3,689)         | (2,164)         |
| Net cash received (paid) for business combinations/divestitures                                    | (1,110)         | 924             | (1,096)         |
| Other, net   | 687             | 958             | 252             |
| <b>Net cash provided by (used in) investing activities</b>   | <b>23,638</b>   | <b>15,408</b>   | <b>(2,476)</b>  |
| Net change in  |                 |                 |                 |
| Deposits   | (41,278)        | 22,548          | 13,623          |
| Securities loaned and central bank funds purchased and securities sold under repurchase agreements | 7,603           | (16,096)        | (12,629)        |
| Other short-term borrowings  | 274             | (15,151)        | 9,571           |
| Issuances of long-term debt and trust preferred securities   | 40,245          | 32,958          | 61,233          |
| Repayments and extinguishments of long-term debt and trust preferred securities                    | (27,201)        | (22,884)        | (40,371)        |
| Issuances of common shares   | 73              | 320             | 193             |
| Purchases of treasury shares   | (30,755)        | (37,032)        | (35,731)        |
| Sale of treasury shares  | 28,665          | 36,024          | 35,514          |
| Cash dividends paid  | (800)           | (801)           | (706)           |
| Other, net   | (455)           | (522)           | (644)           |
| <b>Net cash (used in) provided by financing activities</b>   | <b>(23,629)</b> | <b>(636)</b>    | <b>30,033</b>   |
| Net effect of exchange rate changes on cash and due from banks                                     | (635)           | 325             | 2,710           |
| Net increase (decrease) in cash and due from banks   | (1,409)         | 1,886           | (3,069)         |
| Cash and due from banks, beginning of the year   | 10,388          | 8,502           | 11,571          |
| Cash and due from banks, end of the year   | 8,979           | 10,388          | 8,502           |
| Interest paid  | 31,349          | 48,099          | 46,250          |
| Income taxes paid, net   | 408             | 1,251           | 1,819           |
| 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

Deutsche Bank Group

### [1] Significant Accounting Policies

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 [28].

The accompanying consolidated financial statements are stated in euros and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Certain prior period amounts have been reclassified to conform to the current presentation.

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 revenue and expenses during the reporting period. Actual results could differ from management's estimates.

The following is a description of the significant accounting policies of the Group.

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 are accounted for using the equity method when the Group is not the majority owner but has the ability to significantly influence operating and financial policies of the investee. Generally, this is when 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 whether the Group has significant influence 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 method 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. Prior to January 1, 2002, the difference between the Group's cost and its proportional underlying equity in net assets of the investee at the date of investment ("equity method goodwill") was amortized on a straight-line basis against net income from equity method investments over a period not exceeding fifteen years. Effective January 1, 2002, the Group adopted SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). In accordance with SFAS 142, equity method goodwill is no longer amortized.

### Principles of Consolidation and Other Investments

Special Purpose 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.

The underlying holdings of designated investment companies that are consolidated are included in other investments, as they are primarily nonmarketable equity securities, and are carried at fair value. Changes in fair value of the underlying holdings are included in other revenues.

Direct investments over which the Group does not have significant influence, including investments in venture capital companies and nonmarketable equity securities, 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**

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 are reported in noninterest revenues or noninterest expenses.

In consolidation, the financial statements of entities with functional currencies other than the euro are translated into the euro and the resulting translation gains and losses, net of any hedge and tax effects, are reported in accumulated other comprehensive income within shareholders’ equity. Revenues and expenses are translated at the weighted average rate during the year whereas assets and liabilities are translated at the period end rate.

#### **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 are recorded at the amount of cash advanced or received. 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 and a corresponding liability to return the security is recorded. 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.

#### **Securities Borrowed and Securities Loaned**

Loans held for sale are accounted for at the lower of cost or market and are reported as trading assets.

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, except for loans held for sale, and 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 reported in accumulated other comprehensive income within shareholders' equity unless the security is subject to a fair value hedge, in which case changes in fair value resulting from the risk being hedged are recorded in other revenues. The amounts reported in other comprehensive income are net of deferred income taxes and adjustments to insurance policyholder liabilities and deferred acquisition costs.

Declines in fair value of securities available for sale below their amortized cost that are deemed to be other than temporary and realized gains and losses are reported 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. 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.

#### **Loans Held for Sale, Trading Assets and Liabilities, and Securities Available for Sale**



## Derivatives

All freestanding contracts considered to be derivatives for purposes of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133") are carried at fair value in the balance sheet regardless of whether they are held for trading or nontrading purposes. 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 various contracts for trading purposes, including 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. 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 nontrading 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 nontrading 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 expense 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 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. 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. Hedge ineffectiveness is reported in other revenues and is measured as the net effect of the fair value adjustments made to the derivative and the hedged item arising from changes in the market rate or price related to the risk being hedged.

If a fair value hedge is canceled because the derivative is terminated or de-designated, any remaining interest rate related fair value adjustment made to the 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 adjustments 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 initially recorded 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 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 of interest rate risk are canceled, amounts remaining in accumulated other comprehensive income are amortized to interest revenues or expense over the original life of the hedge. For cancellations of other types of cash flow hedges, the related amounts accumulated in other comprehensive income are reclassified into earnings either in the same income statement caption and period as the forecasted transaction, or in other revenues 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 to the extent the hedge is effective, the remainder is recorded as other revenues.

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.

Prior to 2001, most of the derivatives entered into for nontrading 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, unamortized premiums or discounts, and deferred fees and costs on originated loans. Interest revenues are accrued on the unpaid principal balance net of charge-offs. 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 nonaccrual 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 all contractual payments of interest and principal will not be collected. When a loan is placed on nonaccrual status, any accrued but unpaid interest previously recorded is reversed against current period interest revenues. Cash receipts of interest on nonaccrual loans are recorded as either interest revenues or a reduction of principal according to management's judgment as to the collectability 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, management believes 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 specific loss component of the allowance is measured 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 market price of the loan. Impaired loans are generally placed on nonaccrual status.

The inherent loss component is for all other loans not individually evaluated 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 is established for loans to individuals and small business customers of the private and retail business. These loans are evaluated for inherent loss on a collective basis, based on analyses of historical loss experience from each product type according to criteria such as past due status and collateral recovery values. 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 determined by calculating the ratio of an entity's historical average loan losses (net of recoveries) to the historical average of its loan exposures, applying the resulting ratio to the corresponding period end loans and adjusting the results for relevant environmental factors. During 2002, the measurement of the other inherent loss component was refined to incorporate an expected loss measure, which considers among other factors, collateral, maturities, and long-term statistical averages of default and loss history. This refinement was made in order to make the provision more sensitive to the prevailing credit environment and less based on historical loss experience.

Amounts determined to be uncollectable 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.

The allowance for credit losses on lending-related commitments is determined using the same measurement techniques as the allowance for loan losses.

### 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. The amount of the 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 and management intent. 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 is 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. Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets. The range of estimated useful lives is 25 to 50 years for premises and 3 to 10 years for furniture and equipment. Leasehold improvements are depreciated on a straight-line basis over the shorter of the term of the lease or the estimated useful life of the improvement, which is generally 3 to 15 years. Depreciation of premises is included in net occupancy expense of premises, while depreciation of equipment is included in furniture and equipment expense or IT costs. Maintenance and repairs are charged to expense and improvements are capitalized. Gains and losses on dispositions are reflected in other 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, is expensed as incurred.

Prior to January 1, 2002, goodwill and other intangible assets, which includes servicing rights related to asset securitizations, were amortized over their estimated useful lives. Goodwill, which represents the excess of cost over the fair value of net assets acquired at the date of acquisition, was amortized on a straight-line basis over a period not exceeding fifteen years. In accordance with SFAS 142, as of January 1, 2002, goodwill is no longer amortized and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the goodwill may be impaired, such as an adverse change in business climate. Other intangible assets in existence at January 1, 2002, have a finite useful life and continue to be amortized over a period of 3 to 15 years. In addition, other intangible assets acquired subsequent to January 1, 2002, that were determined to have an indefinite useful life, primarily investment management agreements related to retail mutual funds, are not amortized and are tested for impairment at least annually.

## **Goodwill and Other Intangible Assets**

Securities available for sale, equity method and direct investments (including investments in venture capital companies and nonmarketable equity 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.

## **Impairment**

Other intangible assets with finite useful lives and premises 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 and used 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 to be disposed of by sale, a loss is recorded based on the lower of the asset's carrying value or fair value less cost to sell. An asset to be disposed of other than by sale is considered held and used and accounted for as such until it is disposed of.

Prior to January 1, 2002, goodwill was subject to an impairment review if a change in circumstances indicated that its carrying amount may not be recoverable. As of January 1, 2002, goodwill and other intangible assets which are not amortized are tested for impairment at least annually according to SFAS 142.

**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 future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, net operating loss carryforwards and tax credits. The amount of deferred tax assets is reduced by a valuation allowance, if necessary, to the amount that, based on available evidence, management believes 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 following table illustrates the effect on net income and earnings per share if the Group had applied the fair value recognition provisions of SFAS 123 to share-based awards.

| in € m.  | Dec 31, 2002 | Dec 31, 2001 | Dec 31, 2000  |
|--|--------------|--------------|---------------|
| Net income, as reported  | 397          | 167          | 13,513        |
| Add: Share-based compensation expense included in reported net income, net of related tax effects                      | 228          | 671          | 884           |
| Deduct: Share-based compensation expense determined under fair value method for all awards, net of related tax effects | (478)        | (875)        | (822)         |
| <b>Pro forma net income (loss)</b>   | <b>147</b>   | <b>(37)</b>  | <b>13,575</b> |
| Earnings (loss) per share  |              |              |               |
| Basic – as reported  | € 0.64       | € 0.27       | € 22.00       |
| Basic – pro forma  | € 0.24       | € (0.06)     | € 22.10       |
| Diluted – as reported  | € 0.63       | € 0.27       | € 21.72       |
| Diluted – pro forma  | € 0.23       | € (0.06)     | € 21.82       |

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 from translating net investments in foreign operations net of related hedge effects, unrealized gains and losses from changes in fair value of securities available for sale, net of deferred income taxes and the related adjustments to insurance policyholder liabilities and deferred acquisition costs, minimum pension liability 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. Comprehensive income does not include changes in the fair value of nonmarketable equity securities, traditional credit products and other assets generally carried at cost.

For purposes of the Consolidated Statement of Cash Flows, the Group's cash and cash equivalents are cash and due from banks.

**Insurance Premiums.** 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.

## Comprehensive Income

## Cash Flow Statement

## Insurance Activities



**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 nonlife 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. Deferred acquisition costs are reported in other assets related to insurance business.

**Unit-Linked Business.** 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 expenses.

**Other Liabilities Included in Insurance Policy Claims and Reserves.** In addition to the reserve for unit-linked business, the liability for insurance policy claims and reserves includes benefit reserves, a provision for premium refunds and property and casualty loss reserves.

Benefit reserves for life business, annuities and health policies have been computed based upon mortality, morbidity, persistency and 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 and 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.

Property and casualty loss reserves 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.

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 earnings in the period in which the estimates are changed.

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## [2] Impact of Changes in Accounting Principles

Effective January 1, 2002, the Group adopted SFAS No. 141, "Business Combinations" ("SFAS 141") and SFAS No. 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 at least annually. 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. Upon adoption, the Group recognized a € 37 million tax-free gain as a cumulative effect of a change in accounting principle from the write-off of negative goodwill and there were no reclassifications between goodwill and other intangible assets. SFAS 142 does not require retroactive restatement for all periods presented, however, pro forma information for 2001 and 2000 is provided (see Note [12]) and assumes that SFAS 142 was in effect as of January 1, 2000.

### SFAS 141 and 142

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. 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 133

**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 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**

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 owned approximately 13 percent of Ameritrade Holding Corp. This share was reduced to approximately 9 percent as of December 31, 2002.

During 2001, the Group committed to a plan to dispose of the commercial finance operation in North America and, therefore, the business was valued at the lower of carrying value or fair value less cost to sell, resulting in a € 80 million charge. During 2002, the commercial and consumer finance businesses of Deutsche Financial Services were sold resulting in an additional net loss of € 236 million. The remaining assets of these businesses are currently in the process of being liquidated.

In the second quarter of 2002, the Group purchased Zurich Scudder Investments, Inc., the Scudder asset management business. This transaction was treated as an exchange of the Group's German insurance holding company Versicherungsholding der Deutschen Bank Aktiengesellschaft (Deutscher Herold) and a net cash payment of approximately € 1.7 billion for Scudder. The purchase resulted in goodwill of approximately € 1.0 billion and indefinite useful life intangible assets of € 1.1 billion. In addition, Deutsche Bank sold insurance subsidiaries domiciled in Spain, Italy, and Portugal. These transactions resulted in gains of € 494 million in Personal Banking and € 8 million in Asset Management.

In April 2002 the Group acquired RoPro U.S. Holding, Inc., which is the holding company for the U.S. based real estate investment manager RREEF. The purchase price for this acquisition amounted to approximately U.S.\$ 501 million. Goodwill amounted to U.S.\$ 306 million.

Following the agreement reached in 2001, in the third quarter of 2002 the Group merged its mortgage bank subsidiary, EUROHYPO AG Europäische Hypothekenbank der Deutschen Bank, with the mortgage bank subsidiaries of Dresdner Bank and Commerzbank, to form the new EUROHYPO AG. This transaction resulted in a deconsolidation from the Group's consolidated financial statements and the recognition of a net gain of € 418 million. After the merger, the Group's share in the combined entity was 34.6%. Since the merger in August 2002, the Group has accounted for this investment under the equity method.

The acquisitions and disposals which occurred in 2002 led to a net reduction of total assets of approximately € 93 billion, as compared to December 31, 2001.

#### [4] Trading Assets and Trading Liabilities

The components of these accounts are as follows:

| in € m.   | Dec 31, 2002   | Dec 31, 2001   |
|---|----------------|----------------|
| Bonds and other fixed-income securities                                   | 175,042        | 150,698        |
| Equity shares and other variable-yield securities                         | 47,354         | 77,683         |
| Positive market values from derivative financial instruments <sup>1</sup> | 65,729         | 60,622         |
| Other trading assets <sup>2</sup>   | 8,937          | 4,650          |
| <b>Total trading assets</b>   | <b>297,062</b> | <b>293,653</b> |
| Bonds and other fixed-income securities                                   | 51,124         | 48,784         |
| Equity shares and other variable-yield securities                         | 17,987         | 18,346         |
| Negative market values from derivative financial instruments <sup>1</sup> | 62,101         | 54,199         |
| <b>Total trading liabilities</b>  | <b>131,212</b> | <b>121,329</b> |

<sup>1</sup> Derivatives under master netting agreements are shown net.

<sup>2</sup> Includes loans held for sale.

### [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.  | Dec 31, 2002  |                          |                |                |
|--|---------------|--------------------------|----------------|----------------|
|  | Fair Value    | Gross Unrealized Holding |                | Amortized Cost |
|  |               | Gains                    | Losses         |                |
| <b>Debt securities</b>   |               |                          |                |                |
| German government  | 396           | 20                       | –              | 376            |
| U.S. Treasury and U.S. government agencies                                   | 168           | –                        | –              | 168            |
| U.S. local (municipal) governments   | 2             | –                        | –              | 2              |
| Other foreign governments  | 2,893         | 39                       | (18)           | 2,872          |
| Corporates   | 6,400         | 231                      | (47)           | 6,216          |
| Other asset-backed securities  | 2,977         | –                        | –              | 2,977          |
| Mortgage-backed securities, principally obligations of U.S. federal agencies | 164           | 1                        | –              | 163            |
| Other debt securities  | 652           | 1                        | (3)            | 654            |
| <b>Equity securities</b>   |               |                          |                |                |
| Equity shares  | 6,441         | 757                      | (596)          | 6,280          |
| Investment certificates and mutual funds                                     | 1,499         | 10                       | (55)           | 1,544          |
| Other  | 27            | 16                       | –              | 11             |
| <b>Total securities available for sale</b>                                   | <b>21,619</b> | <b>1,075</b>             | <b>(719)</b>   | <b>21,263</b>  |
|  |               |                          |                |                |
|  | Dec 31, 2001  |                          |                |                |
| in € m.  | Fair Value    | Gross Unrealized Holding |                | Amortized Cost |
|  |               | Gains                    | Losses         |                |
| <b>Debt securities</b>   |               |                          |                |                |
| German government  | 4,339         | 66                       | (9)            | 4,282          |
| U.S. Treasury and U.S. government agencies                                   | 192           | –                        | –              | 192            |
| U.S. local (municipal) governments   | 50            | –                        | –              | 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          |
| <b>Equity securities</b>   |               |                          |                |                |
| Equity shares  | 22,600        | 10,022                   | (750)          | 13,328         |
| Investment certificates and mutual funds                                     | 1,507         | 48                       | (13)           | 1,472          |
| Other  | 57            | 36                       | –              | 21             |
| <b>Total securities available for sale</b>                                   | <b>71,666</b> | <b>11,132</b>            | <b>(1,179)</b> | <b>61,713</b>  |

| in € m.  | Dec 31, 2000  |                          |                |                |
|--|---------------|--------------------------|----------------|----------------|
|  | Fair Value    | Gross Unrealized Holding |                | Amortized Cost |
|  |               | Gains                    | Losses         |                |
| <b>Debt securities</b>   |               |                          |                |                |
| German government  | 634           | 11                       | (5)            | 628            |
| U.S. Treasury and U.S. government agencies                                   | 172           | –                        | (1)            | 173            |
| U.S. local (municipal) governments   | 17            | –                        | –              | 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                       | –              | 183            |
| <b>Equity securities</b>   |               |                          |                |                |
| 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            |
| <b>Total securities available for sale</b>                                   | <b>92,250</b> | <b>16,387</b>            | <b>(1,762)</b> | <b>77,625</b>  |

At December 31, 2002, securities issued by DaimlerChrysler AG with a fair value of € 3.4 billion were the only securities of an individual issuer that exceeded 10% of the Group's total shareholders' equity.

The components of net gains on securities available for sale as reported in the Consolidated Statement of Income follow:

| in € m.  | 2002         | 2001         | 2000         |
|--|--------------|--------------|--------------|
| Debt securities – gross realized gains                 | 149          | 405          | 268          |
| Debt securities – gross realized losses <sup>1</sup>   | (235)        | (256)        | (363)        |
| Equity securities – gross realized gains               | 4,094        | 2,376        | 4,288        |
| Equity securities – gross realized losses <sup>2</sup> | (485)        | (1,009)      | (523)        |
| <b>Net gains on securities available for sale</b>      | <b>3,523</b> | <b>1,516</b> | <b>3,670</b> |

<sup>1</sup> Includes € 156 million and € 27 million of write-downs for other-than-temporary impairment for the years ended December 31, 2002 and 2001, respectively.

<sup>2</sup> Includes € 152 million and € 401 million of write-downs for other-than-temporary impairment for the years ended December 31, 2002 and 2001, respectively.

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, 2002:

| 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  | 3              | 6.61% | 91                                      | 3.65% | 252                                      | 4.09% | 50                  | 4.46% | 396           | 4.06% |
| U.S. Treasury and U.S. government agencies                                   | 142            | 2.67% | 3                                       | 4.92% | –  | –     | 23                  | 7.88% | 168           | 3.43% |
| U.S. local (municipal) governments   | 2              | 5.00% | –                                       | –     | –  | –     | –                   | –     | 2             | 5.00% |
| Other foreign governments  | 1,929          | 3.23% | 599                                     | 5.31% | 216                                      | 4.55% | 149                 | 4.58% | 2,893         | 3.83% |
| Corporates   | 2,020          | 4.52% | 2,497                                   | 4.50% | 1,032                                    | 5.52% | 851                 | 7.69% | 6,400         | 5.11% |
| Other asset-backed securities  | –              | –     | 5                                       | 6.14% | –  | –     | 2,972               | 5.75% | 2,977         | 5.75% |
| Mortgage-backed securities, principally obligations of U.S. federal agencies | 164            | 4.97% | –                                       | –     | –  | –     | –                   | –     | 164           | 4.97% |
| Other debt securities  | 525            | 2.08% | 119                                     | 3.25% | 8  | 1.96% | –                   | –     | 652           | 2.29% |
| <b>Total fair value</b>  | <b>4,785</b>   |       | <b>3,314</b>                            |       | <b>1,508</b>                             |       | <b>4,045</b>        |       | <b>13,652</b> |       |
| <b>Total amortized cost</b>  | <b>4,657</b>   |       | <b>3,276</b>                            |       | <b>1,444</b>                             |       | <b>4,051</b>        |       | <b>13,428</b> |       |

## [6] Other Investments

The following table summarizes the composition of other investments:

| in € m.   | Dec 31, 2002  | Dec 31, 2001  |
|---|---------------|---------------|
| Equity method investments                           | 6,039         | 5,344         |
| Investments held by designated investment companies | 230           | 274           |
| Other equity interests                              | 4,499         | 6,379         |
| <b>Total</b>  | <b>10,768</b> | <b>11,997</b> |

## Equity Method Investments

Investments over 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 € 6.0 billion and € 5.3 billion at December 31, 2002 and 2001, respectively. The aggregate market value of the investments in actively traded listed companies amounted to € 269 million at December 31, 2002. These investments had an aggregated carrying value of € 210 million. The Group's pro-rata share of the investees' income or loss determined on a U.S. GAAP basis was a loss of € 753 million and a loss of € 278 million for the years ended December 31, 2002 and 2001, respectively. In addition, amortization of goodwill of € 31 million for the year ended December 31, 2001, and write-offs for other-than-temporary impairments of € 305 million and € 113 million for the years ended December 31, 2002 and 2001, respectively, were included in net income (loss) from equity method investments.

Related party loans to equity method investees amounted to € 3,485 million and € 1,348 million at December 31, 2002 and 2001, respectively. At December 31, 2002 loans totaling € 117 million to two equity method investees were on nonaccrual status. At December 31, 2001, loans totaling € 181 million to three equity method investees were on nonaccrual status.

At December 31, 2002, the following investees represented 75% of the carrying value of equity method investments:

| Investment   | Ownership |
|--|-----------|
| AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung, Frankfurt am Main | 26.89%    |
| AMP Private Capital Portfolio No. 1 L.P., London                           | 16.67%    |
| Arrow Property Investments Limited, London                                 | 46.18%    |
| AW-Beteiligungs GmbH, Ochsenfurt   | 37.88%    |
| Cassa di Risparmio di Asti S.p.A., Asti                                    | 20.00%    |
| DB 100 Unit Trust, Georgetown  | 27.71%    |
| DBG Osteuropa-Holding GmbH, Frankfurt am Main                              | 50.00%    |
| DBG Vermögensverwaltungsgesellschaft mbH, Frankfurt am Main                | 45.00%    |
| Deutsche European Partners IV, London                                      | 24.92%    |
| Deutsche EuroShop AG, Eschborn/Ts.   | 44.91%    |
| Deutsche Interhotel Holding GmbH & Co. KG, Berlin                          | 45.64%    |
| EUROHYPO AG, Frankfurt am Main   | 34.64%    |
| Fondo Piramide Globale, Milan  | 34.03%    |
| Gerling NCM Credit and Finance AG, Köln <sup>1</sup>                       | 9.55%     |
| Gerling-Konzern Versicherungs-Beteiligungs-AG, Köln                        | 34.56%    |
| IMLY B.V., Rotterdam   | 40.00%    |
| K&N Kenanga Holdings Bhd, Kuala Lumpur                                     | 16.59%    |
| Mannesmann GmbH & Co. Beteiligungs-KG, Eschborn/Ts.                        | 10.00%    |
| MEFIS Beteiligungsgesellschaft mbH, Eschborn/Ts.                           | 43.00%    |
| Orbis S.A., Warsaw   | 10.37%    |
| Santorini Investments Limited Partnership, Edinburgh <sup>2</sup>          | 51.04%    |
| The Kinetics Group, Inc., Santa Clara                                      | 33.60%    |
| United Biscuits (Equity) Ltd., Georgetown                                  | 20.40%    |

<sup>1</sup> 28.87% direct and indirect holdings.  
<sup>2</sup> The Group does not have control over this investee.

The following two equity method investments are considered to be significant on an individual basis.

**Gerling-Konzern Versicherungs-Beteiligungs-AG.** For the years ended December 31, 2002, 2001 and 2000, the Group recognized € (706) million, € (125) million and € 57 million respectively, as the Group's share of the net income (loss) from the Gerling-Konzern Versicherungs-Beteiligungs-AG. As the year 2002 financial statements are not yet available, the loss in 2002 includes the Group's share of the anticipated IAS loss, adjusted for estimated U.S. GAAP-specific adjustments and loss contingencies.



The following table provides a summary of Gerling-Konzern Versicherungs-Beteiligungs-AG's consolidated statement of income according to IAS:

| in € m.                             | 2001         | 2000       |
|-------------------------------------|--------------|------------|
| Net earned premiums                 | 8,349        | 7,630      |
| Other income                        | 2,358        | 2,815      |
| Benefit and claim payments          | (9,159)      | (7,943)    |
| Underwriting expenses               | (2,030)      | (1,921)    |
| Other expenses                      | (403)        | (386)      |
| <b>Net income (loss) before tax</b> | <b>(885)</b> | <b>195</b> |
| Income tax expense (benefit)        | (327)        | 27         |
| Minority interests                  | (5)          | 1          |
| <b>Net income (loss)</b>            | <b>(563)</b> | <b>169</b> |

The following table provides a summary of Gerling-Konzern Versicherungs-Beteiligungs-AG's consolidated balance sheet according to IAS:

| in € m.   | Dec 31, 2001  |
|---|---------------|
| Investments                                       | 31,153        |
| Other assets                                      | 13,226        |
| Intangible assets                                 | 442           |
| <b>Total assets</b>                               | <b>44,821</b> |
| Underwriting provisions                           | 37,203        |
| Other liabilities                                 | 5,816         |
| Subordinated capital                              | 369           |
| Equity  | 1,433         |
| <b>Total liabilities and shareholders' equity</b> | <b>44,821</b> |

In 2003, the following events have occurred with respect to Gerling-Konzern Versicherungs-Beteiligungs-AG:

- the sale of its reinsurance unit (Gerling-Konzern Globale Rückversicherungs-AG) to Globale Management GmbH (former name: Lago Achte GmbH) was not approved by the German Federal Financial Supervisory Authority ("BaFin").
- its chief executive officer resigned.
- its life insurance unit (Gerling-Konzern Lebensversicherungs-AG) and property and casualty unit (Gerling-Konzern Allgemeine Versicherungs-AG) were downgraded by Standard & Poor's from "A-" to "BB+".

The Group is assessing the impact of these events on the value of Gerling-Konzern Versicherungs-Beteiligungs-AG and on the Group's investment.

**EUROHYPO AG.** The following table provides a summary of EUROHYPO AG's consolidated statement of income according to German GAAP for the nine months ended September 30, 2002 and for the twelve months ended December 31, 2001. These are the only available financials due to the fact that the merger took place in August 2002 but was effective January 1, 2002 for German GAAP purposes. Under German GAAP, the merger was accounted for similar to a pooling of interests.

The year 2001 figures below represent twelve months of pro forma information as if the merger occurred on January 1, 2001:

| in € m.                              | Nine months ended<br>Sep 30, 2002 | Twelve months ended<br>Dec 31, 2001 |
|--------------------------------------|-----------------------------------|-------------------------------------|
| Net interest and commission income   | 857                               | 1,167                               |
| Administrative expenses              | (326)                             | (457)                               |
| Net other operating income (expense) | (92)                              | (65)                                |
| Extraordinary items                  | (150)                             | (139)                               |
| <b>Net income before tax</b>         | <b>289</b>                        | <b>506</b>                          |
| Income tax expense (benefit)         | 17                                | (11)                                |
| <b>Net income</b>                    | <b>272</b>                        | <b>517</b>                          |

The following table provides a summary of EUROHYPO AG's consolidated balance sheet according to German GAAP (2001 pro forma figures):

| in € m.   | Sep 30, 2002   | Dec 31, 2001   |
|---|----------------|----------------|
| Claims on banks                                   | 25,760         | 31,553         |
| Claims on customers                               | 168,447        | 173,362        |
| Bonds and other fixed-income securities           | 38,484         | 42,328         |
| Other assets                                      | 2,910          | 3,621          |
| <b>Total assets</b>                               | <b>235,601</b> | <b>250,864</b> |
| Liabilities to banks                              | 30,820         | 31,525         |
| Liabilities to customers                          | 42,139         | 43,575         |
| Liabilities in certificate form                   | 151,923        | 166,755        |
| Provisions and other liabilities                  | 6,332          | 5,121          |
| Capital and reserves                              | 4,387          | 3,888          |
| <b>Total liabilities and shareholders' equity</b> | <b>235,601</b> | <b>250,864</b> |

The underlying investment holdings of the Group's designated investment companies are carried at fair value, and totaled € 230 million and € 274 million at December 31, 2002 and 2001, respectively. The Group's designated investment companies, all of which are 100% owned, consist of Small Business Investment Companies ("SBICs"), and one designated investment company subsidiary in Germany.

#### Investments Held by Designated Investment Companies

Other equity interests totaling € 4.5 billion and € 6.4 billion at December 31, 2002 and 2001, respectively, include investments in which the Group does not have significant influence, including certain venture capital companies and nonmarketable equity 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 € 423 million and € 968 million for the years ended December 31, 2002 and 2001, respectively.

#### Other Equity Interests

## [7] Loans

The following table summarizes the composition of loans:

| in € m.                           | Dec 31, 2002   | Dec 31, 2001   |
|-----------------------------------|----------------|----------------|
| <b>German</b>                     |                |                |
| Banks and insurance               | 1,600          | 7,444          |
| Manufacturing                     | 9,388          | 12,612         |
| Households (excluding mortgages)  | 13,768         | 13,509         |
| Households – mortgages            | 25,226         | 35,283         |
| Public sector                     | 1,750          | 20,752         |
| Wholesale and retail trade        | 4,549          | 6,559          |
| Commercial real estate activities | 15,841         | 28,311         |
| Lease financing                   | 416            | 436            |
| Other                             | 15,898         | 22,878         |
| <b>Total German</b>               | <b>88,436</b>  | <b>147,784</b> |
| <b>Non-German<sup>1</sup></b>     |                |                |
| Banks and insurance               | 9,120          | 12,465         |
| Manufacturing                     | 13,157         | 19,490         |
| Households (excluding mortgages)  | 6,937          | 7,873          |
| Households – mortgages            | 7,276          | 6,503          |
| Public sector                     | 2,834          | 2,906          |
| Wholesale and retail trade        | 9,918          | 9,200          |
| Commercial real estate activities | 2,519          | 7,306          |
| Lease financing                   | 3,905          | 3,263          |
| Other                             | 27,768         | 49,297         |
| <b>Total Non-German</b>           | <b>83,434</b>  | <b>118,303</b> |
| <b>Gross loans</b>                | <b>171,870</b> | <b>266,087</b> |
| Less: Unearned income             | 250            | 664            |
| Less: Allowance for loan losses   | 4,317          | 5,585          |
| <b>Total loans, net</b>           | <b>167,303</b> | <b>259,838</b> |

<sup>1</sup> For 2001 certain exposures were reclassified from banks and insurance to other (€ 6.5 billion) and from commercial real estate activities to households (€ 2.8 billion).

The “other” category included no single industry group with aggregate borrowings from the Group in excess of 10 percent of the total loan portfolio at December 31, 2002.

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 transactions with unrelated persons. There were € 897 million and € 1.6 billion of related party loans (excluding loans to equity method investees) outstanding at December 31, 2002 and 2001, respectively.

This table sets forth information about the Group's impaired loans:

### Impaired Loans

| in € m.  | Dec 31, 2002 | Dec 31, 2001 | Dec 31, 2000 |
|--|--------------|--------------|--------------|
| Total impaired loans <sup>1</sup>                            | 8,922        | 10,797       | 10,296       |
| Allowance for impaired loans under SFAS 114 <sup>2</sup>     | 3,144        | 3,720        | 4,577        |
| Average balance of impaired loans during the year            | 9,710        | 10,363       | 7,399        |
| Interest income recognized on impaired loans during the year | 166          | 248          | 376          |

<sup>1</sup> Included in these amounts are € 6.0 billion, € 8.2 billion and € 8.5 billion as of December 31, 2002, 2001 and 2000, 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.

<sup>2</sup> 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.  | 2002         | 2001         | 2000         |
|--|--------------|--------------|--------------|
| <b>Balance, beginning of year</b>              | <b>5,585</b> | <b>6,745</b> | <b>7,281</b> |
| Provision for loan losses                      | 2,091        | 1,024        | 478          |
| Net charge-offs                                |              |              |              |
| Charge-offs                                    | (2,728)      | (2,055)      | (1,296)      |
| Recoveries                                     | 112          | 67           | 75           |
| Total net charge-offs                          | (2,616)      | (1,988)      | (1,221)      |
| Allowance related to acquisitions/divestitures | (421)        | (156)        | 44           |
| Foreign currency translation                   | (322)        | (40)         | 163          |
| <b>Balance, end of year</b>                    | <b>4,317</b> | <b>5,585</b> | <b>6,745</b> |

The following table shows the activity in the Group's allowance for credit losses on lending-related commitments:

| in € m.  | 2002       | 2001       | 2000       |
|--|------------|------------|------------|
| <b>Balance, beginning of year</b>              | <b>496</b> | <b>453</b> | <b>569</b> |
| Provision for credit losses                    | 17         | (30)       | (33)       |
| Net charge-offs                                | –          | (22)       | (34)       |
| Allowance related to acquisitions/divestitures | (11)       | (2)        | 5          |
| Foreign currency translation                   | (17)       | 97         | (54)       |
| <b>Balance, end of year</b>                    | <b>485</b> | <b>496</b> | <b>453</b> |

## [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 primarily 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, 2002, 2001 and 2000, the Group recognized € 91 million, € 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 2002, 2001 and 2000:

| in € m.  | Marine and Recreational Vehicle Loans |      |      | Residential and Commercial Mortgage Loans |       |       | Commercial Loans, Excluding Mortgages |        |        |
|--|---------------------------------------|------|------|---|-------|-------|---------------------------------------|--------|--------|
|  | 2002                                  | 2001 | 2000 | 2002                                      | 2001  | 2000  | 2002                                  | 2001   | 2000   |
| Proceeds from new securitizations                              | –                                     | 977  | –    | 5,843                                     | 6,573 | 6,200 | 918                                   | 938    | 4,299  |
| Proceeds from collections reinvested in new trust receivables  | –                                     | –    | –    | –   | –     | –     | 12,177                                | 18,520 | 18,201 |
| Servicing fees received  | 7                                     | 7    | 8    | 14  | 15    | 11    | 44                                    | 85     | 80     |
| Cash flows received on retained interests                      | –                                     | 13   | 21   | 28  | 56    | 21    | 101                                   | 177    | 145    |
| Other cash flows received from (paid to) securitization trusts | 4                                     | 16   | 2    | –   | –     | –     | (42)                                  | (16)   | (102)  |

At December 31, 2002, 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 carrying amount/fair value are as follows:

| in € m. (except percentages)                            | Marine and Recreational Vehicle Loans | Residential and Commercial Mortgage Loans <sup>1</sup> | Commercial Loans, Excluding Mortgages |
|---|---------------------------------------|--|---------------------------------------|
| <b>Carrying amount/fair value of retained interests</b> | <b>80</b>                             | <b>520</b>   | <b>161</b>                            |
| <b>Prepayment speed (current assumed)</b>               | <b>19.65%</b>                         | <b>19.20%</b>  | <b>1.66%</b>                          |
| Impact on fair value of 10% adverse change              | (2)                                   | (2)  | (1)                                   |
| Impact on fair value of 20% adverse change              | (4)                                   | (7)  | (2)                                   |
| <b>Default rate (current assumed)</b>                   | <b>0.14%</b>                          | <b>1.02%</b>   | <b>0.19%</b>                          |
| Impact on fair value of 10% adverse change              | (3)                                   | (8)  | (1)                                   |
| Impact on fair value of 20% adverse change              | (5)                                   | (17)   | (3)                                   |
| <b>Discount factor (current assumed)</b>                | <b>9.47%</b>                          | <b>11.25%</b>  | <b>8.19%</b>                          |
| Impact on fair value of 10% adverse change              | (3)                                   | (12)   | (5)                                   |
| Impact on fair value of 20% adverse change              | (5)                                   | (23)   | (11)                                  |

<sup>1</sup> Excluded from the retained interest amounts for Residential and Commercial Mortgage Loans are Commercial Mortgage Interest Only Bonds in the amount of € 67 million. These are short duration assets priced within the base case using conservative prepayment speeds by assuming all underlying loans within the securitized pool are paid off at the earliest possible point in time after the expiration of contractual limitations.

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 interest 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 2002 were not significantly different from the current assumptions in the above table.

The key assumptions used in measuring the initial retained interest resulting from securitizations completed in 2001 were not significantly different from the key assumptions used in determining the fair value of retained interests, including servicing rights, at December 31, 2001. The assumptions used at December 31, 2001 were as follows:

|                  | Marine and<br>Recreational<br>Vehicle Loans | Residential and<br>Commercial<br>Mortgage Loans | Commercial Loans,<br>Excluding<br>Mortgages |
|------------------|---|---|---|
| Prepayment speed | 19.56%                                      | 12.00%  | 26.28%                                      |
| Default rate     | 0.28%                                       | 2.71%   | 0.34%                                       |
| Discount factor  | 9.76%                                       | 14.59%  | 10.85%                                      |

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, 2002 and 2001:

|   | Marine and<br>Recreational<br>Vehicle Loans |       | Residential and<br>Commercial<br>Mortgage Loans |        | Commercial Loans,<br>Excluding<br>Mortgages |       |
|---|---|-------|---|--------|---|-------|
|   | 2002  | 2001  | 2002  | 2001   | 2002  | 2001  |
| in € m.   |   |       |   |        |   |       |
| Total principal amount of loans                       | 1,178                                       | 2,033 | 12,409  | 14,929 | 1,266                                       | 7,483 |
| Principal amount of loans 90 days<br>or more past due | 3   | 3     | 223   | 81     | 35  | 39    |
| Net credit losses                                     | 16  | 14    | 24  | 19     | 3   | 25    |

The table excludes securitized loans that the Group continues to service but otherwise has no continuing involvement.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). FIN 46 requires transitional disclosures where it is reasonably possible that the Group will have to consolidate or disclose information about certain entities when this Interpretation becomes fully effective on July 1, 2003. The following transitional disclosures are based on the Group's preliminary assessment of the entities it is involved with as those entities are currently structured. The actual impact upon adoption may differ significantly.

When this Interpretation becomes fully effective on July 1, 2003, it is reasonably possible that the Group will be required to consolidate or provide disclosures for certain types of entities as follows:

| in € m.  | Dec 31, 2002 |                          |
|--|--------------|--------------------------|
|  | Total Assets | Maximum Exposure to Loss |
| Commercial paper programs                                    | 19,229       | 23,765                   |
| Fixed-term mutual funds                                      | 13,719       | 13,719                   |
| Commercial real estate leasing vehicles and closed-end funds | 8,181        | 5,246                    |
| Asset securitization and other                               | 3,792        | 898                      |

For commercial paper programs, the Group acts as an administrative agent to facilitate the sale of loans, other receivables, or securities from various third parties to a commercial paper entity. The commercial paper entity then issues collateralized commercial paper to the market. The liabilities of the commercial paper entity are nonrecourse to the Group, so the Group's maximum exposure of loss results primarily from any guarantees or liquidity facilities provided to the vehicle. For certain fixed-term mutual funds that the Group manages, the Group guarantees the value of mutual fund units that investors purchase. The Group's maximum exposure of loss related to these mutual funds results primarily from these guarantees. For the commercial real estate leasing vehicles and closed-end funds, third party investors essentially provide senior financing for the purchase of commercial real estate which is leased to other third parties. The Group's maximum exposure of loss results primarily from any subordinated financing or guarantees that are provided to these vehicles. For asset securitization and other vehicles, the Group may purchase or retain a subordinated interest in the assets being securitized. The liabilities of these vehicles are mainly nonrecourse to the Group, so the Group's maximum exposure of loss results primarily from the risk associated with the Group's purchased and retained interest in the vehicles.

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### [10] Assets Pledged and Received as Collateral

The carrying value of the Group's assets pledged (primarily for borrowings, deposits, and securities loaned) 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.                              | Dec 31, 2002  | Dec 31, 2001  |
|--------------------------------------|---------------|---------------|
| Interest-earning deposits with banks | –             | 2,027         |
| Trading assets                       | 26,266        | 42,244        |
| Securities available for sale        | 445           | 1,675         |
| Loans                                | 12,275        | 12,557        |
| Premises and equipment               | 586           | 347           |
| <b>Total</b>                         | <b>39,572</b> | <b>58,850</b> |

At December 31, 2002 and 2001, the Group has received collateral with a fair value of € 253 billion and € 218 billion, respectively, 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. € 154 billion and € 202 billion for the years ended December 31, 2002 and 2001, respectively, relates to collateral that the Group has received and sold or repledged primarily to cover short sales, 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.  | Dec 31, 2002  | Dec 31, 2001  |
|--|---------------|---------------|
| Land   | 1,483         | 1,655         |
| Buildings                                      | 5,842         | 6,293         |
| Leasehold improvements                         | 1,510         | 1,513         |
| Furniture and equipment                        | 3,270         | 3,772         |
| Purchased software                             | 502           | 737           |
| Self-developed software                        | 796           | 998           |
| Construction-in-progress                       | 346           | 237           |
| <b>Total</b>                                   | <b>13,749</b> | <b>15,205</b> |
| Less: Accumulated depreciation                 | 4,866         | 5,399         |
| <b>Premises and equipment, net<sup>1</sup></b> | <b>8,883</b>  | <b>9,806</b>  |

<sup>1</sup> Amounts at December 31, 2002 and 2001 include € 2.4 billion and € 2.5 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, 2002, were as follows:

| in € m.  |              |
|--|--------------|
| 2003   | 153          |
| 2004   | 152          |
| 2005   | 147          |
| 2006   | 176          |
| 2007   | 148          |
| 2008 and later                                 | 1,461        |
| <b>Total future minimum lease payments</b>     | <b>2,237</b> |
| Less: Amount representing interest             | 754          |
| <b>Present value of minimum lease payments</b> | <b>1,483</b> |

At December 31, 2002, the total minimum sublease rentals to be received in the future under subleases are € 723 million. Contingent rental income incurred during the year ended December 31, 2002, was € 2 million.

The future minimum lease payments, excluding executory costs, required under the Group's operating leases at December 31, 2002, were as follows:

| in € m.                                    |              |
|--|--------------|
| 2003                                       | 414          |
| 2004                                       | 371          |
| 2005                                       | 288          |
| 2006                                       | 246          |
| 2007                                       | 221          |
| 2008 and later                             | 946          |
| <b>Total future minimum lease payments</b> | <b>2,486</b> |
| Less: Minimum sublease rentals             | 221          |
| <b>Net minimum lease payments</b>          | <b>2,265</b> |

The following shows the net rental expense for all operating leases:

| in € m.                      | 2002       | 2001       | 2000       |
|------------------------------|------------|------------|------------|
| Gross rental expense         | 869        | 970        | 905        |
| Less: Sublease rental income | 97         | 79         | 121        |
| <b>Net rental expense</b>    | <b>772</b> | <b>891</b> | <b>784</b> |

## [12] Goodwill and Other Intangible Assets, Net

As discussed in Notes [1] and [2], effective January 1, 2002, the Group adopted SFAS 142. SFAS 142 requires that goodwill and certain intangible assets with an indefinite useful life no longer be amortized but instead be reviewed for impairment upon adoption of SFAS 142 and at least annually thereafter. Other intangible assets continue to be amortized over their useful lives. Under SFAS 142, goodwill impairment exists if the net book value of a reporting unit exceeds its estimated fair value. The Group's reporting units are generally consistent with

the Group's business segment level, or one level below. There was no impairment charge resulting from the adoption of SFAS 142. The Group performs its annual impairment review during the fourth quarter of each year, beginning in the fourth quarter of 2002.

A goodwill impairment loss of € 62 million was recognized in the Private Equity reporting unit during 2002. A significant portion of the reporting unit was classified as held for sale during the fourth quarter of 2002 resulting in an impairment of the goodwill related to the remaining unit.

An analysis of acquired other intangible assets follows:

#### Other Intangible Assets

| in € m.   | Gross Carrying Amount |              | Accumulated Amortization |              | Net Carrying Amount |              |
|---|-----------------------|--------------|--------------------------|--------------|---------------------|--------------|
|   | Dec 31, 2002          | Dec 31, 2001 | Dec 31, 2002             | Dec 31, 2001 | Dec 31, 2002        | Dec 31, 2001 |
| <b>Amortized intangible assets</b>                |                       |              |                          |              |                     |              |
| Customer contracts                                | 98                    | 27           | 20                       | 16           | 78                  | 11           |
| Investment management agreements                  | 70                    | 38           | 9                        | 4            | 61                  | 34           |
| Other customer-related                            | 57                    | –            | 14                       | –            | 43                  | –            |
| Other   | 31                    | 28           | 13                       | 12           | 18                  | 16           |
| <b>Total</b>                                      | <b>256</b>            | <b>93</b>    | <b>56</b>                | <b>32</b>    | <b>200</b>          | <b>61</b>    |
| <b>Unamortized intangible assets</b>              |                       |              |                          |              |                     |              |
| Retail investment management agreements and other |                       |              |                          |              | 1,111               | –            |
| Loan servicing rights <sup>1</sup>                |                       |              |                          |              | 100                 | 145          |
| <b>Total other intangible assets</b>              |                       |              |                          |              | <b>1,411</b>        | <b>206</b>   |

<sup>1</sup> Loan servicing rights are carried at the lower of the allocated basis or current fair value and amortized in proportion to and over the estimated period of net servicing revenue.

For the year ended December 31, 2002 the aggregate amortization expense for other intangible assets was € 26 million.

The estimated aggregate amortization expense for each of the succeeding five fiscal years are as follows:

- in 2003: € 31 million
- in 2004: € 24 million
- in 2005: € 20 million
- in 2006: € 19 million
- in 2007: € 18 million

For the year ended December 31, 2002, the Group acquired the following other intangible assets:

| in € m.   | Additions in current year | Weighted-Average Amortization Period |
|---|---------------------------|--------------------------------------|
| <b>Amortized intangible assets</b>                |                           |                                      |
| Customer contracts                                | 75                        | 15 years                             |
| Investment management agreements                  | 34                        | 11 years                             |
| Other customer-related                            | 58                        | 9 years                              |
| Other   | 19                        | 5 years                              |
| <b>Total</b>                                      | <b>186</b>                | <b>12 years</b>                      |
| <b>Unamortized intangible assets</b>              |                           |                                      |
| Retail investment management agreements and other | 1,111                     | Indefinite                           |
| <b>Total intangible assets</b>                    | <b>1,297</b>              |                                      |

There was no residual value estimated for the other intangible assets acquired during the year ended December 31, 2002.

For the year ended December 31, 2002, the net carrying amount of other intangibles increased by € 1,205 million, mainly due to the acquisitions of Scudder and RREEF, which contributed € 1,161 million and € 82 million, respectively.

## Goodwill

All goodwill has been allocated to reporting units. The changes in the carrying amount of goodwill by segment for the year ended December 31, 2002 are as follows:

| in € m.                                 | Corporate Banking & Securities | Global Transaction Banking | Personal Banking | Private Banking | Asset Management | Corporate Investments | Total        |
|---|--------------------------------|----------------------------|------------------|-----------------|------------------|-----------------------|--------------|
| <b>Balance as of January 1, 2002</b>    | <b>4,969</b>                   | <b>725</b>                 | <b>177</b>       | <b>323</b>      | <b>1,291</b>     | <b>1,256</b>          | <b>8,741</b> |
| Purchase accounting adjustments         | (6)                            | –                          | (3)              | –               | (27)             | –                     | (36)         |
| Goodwill acquired during the year       | 34                             | 8                          | 15               | –               | 1,460            | 44                    | 1,561        |
| Impairment losses                       | –                              | –                          | –                | –               | –                | (62)                  | (62)         |
| Goodwill related to dispositions        | (13)                           | –                          | (13)             | –               | –                | (525)                 | (551)        |
| Effects from exchange rate fluctuations | (723)                          | (98)                       | –                | (47)            | (316)            | (97)                  | (1,281)      |
| <b>Balance as of December 31, 2002</b>  | <b>4,261</b>                   | <b>635</b>                 | <b>176</b>       | <b>276</b>      | <b>2,408</b>     | <b>616</b>            | <b>8,372</b> |

The additions to goodwill of € 1,561 million are mainly due to the acquisitions of Scudder and RREEF, which contributed € 1,024 million and € 344 million, respectively.

## Goodwill and Other Intangible Assets – Adoption of SFAS 142

Prior to the adoption of SFAS 142, the Group amortized goodwill on a straight-line basis over a period not exceeding fifteen years. The 2001 and 2000 results on a historical basis do not reflect the provisions of SFAS 142. Had the Group

adopted SFAS 142 in prior years, the historical net income and basic and diluted net income per common share would have been as follows:

| in € m.  | 2002 | 2001 | 2000   |
|--|------|------|--------|
| <b>Net income</b>  |      |      |        |
| Reported net income                                      | 397  | 167  | 13,513 |
| Add back: goodwill amortization net of negative goodwill | –    | 784  | 769    |
| Add back: equity method goodwill amortization            | –    | 18   | 15     |
| Add back: other intangible assets amortization           | –    | 7    | –      |
| Adjusted net income                                      | 397  | 976  | 14,297 |

| in €  | 2002 | 2001   | 2000  |
|---|------|--------|-------|
| <b>Earnings per share (basic)</b>                                 |      |        |       |
| Income before cumulative effect of accounting changes, net of tax | 0.58 | 0.60   | 22.00 |
| Cumulative effect of accounting changes, net of tax               | 0.06 | (0.33) | –     |
| Reported net income   | 0.64 | 0.27   | 22.00 |
| Add back: goodwill amortization net of negative goodwill          | –    | 1.26   | 1.25  |
| Add back: equity method goodwill amortization                     | –    | 0.03   | 0.02  |
| Add back: other intangible assets amortization                    | –    | 0.01   | –     |
| Adjusted net income   | 0.64 | 1.57   | 23.27 |

| in €  | 2002 | 2001   | 2000  |
|---|------|--------|-------|
| <b>Earnings per share (diluted)</b>                               |      |        |       |
| Income before cumulative effect of accounting changes, net of tax | 0.57 | 0.60   | 21.72 |
| Cumulative effect of accounting changes, net of tax               | 0.06 | (0.33) | –     |
| Reported net income   | 0.63 | 0.27   | 21.72 |
| Add back: goodwill amortization net of negative goodwill          | –    | 1.26   | 1.24  |
| Add back: equity method goodwill amortization                     | –    | 0.03   | 0.02  |
| Add back: other intangible assets amortization                    | –    | 0.01   | –     |
| Adjusted net income   | 0.63 | 1.57   | 22.98 |

### [13] Assets Held for Sale

During 2002, the Group decided to sell certain businesses in the Global Transaction Banking, Asset Management and Corporate Investment segments. The net assets for these businesses, most of which are reported as other investments, were written down to the lower of their carrying value or fair value less cost to sell resulting in a loss of € 217 million for the year ended December 31, 2002.

### [14] Other Short-term Borrowings

Short-term borrowings are borrowed funds generally with an original maturity of one year or less. Commercial paper generally mature within 90 days. Components of other short-term borrowings include:

| in € m.          | Dec 31, 2002  | Dec 31, 2001  |
|------------------|---------------|---------------|
| Commercial paper | 4,320         | 14,251        |
| Other            | 7,253         | 6,221         |
| <b>Total</b>     | <b>11,573</b> | <b>20,472</b> |

### [15] Long-term Debt

The Group issues fixed and floating rate long-term debt denominated in various currencies, approximately half of which is denominated in euros.

Fixed rate debt outstanding at December 31, 2002 matures at various dates through 2050 and carries contractual interest rates ranging from 0.04% to 16.00%. The weighted-average interest rates on fixed rate debt at December 31, 2002 and 2001 were 4.68% and 5.12%, respectively. Floating rate debt outstanding, with contractually determined interest rates ranging from 0.02% to 13.00% at December 31, 2002, matures at various dates through 2050. The weighted-average contractual interest rates on floating rate debt at December 31, 2002 and 2001 were 3.01% and 3.84%, respectively.

The following table is a summary of the Group's long-term debt:

| By remaining maturities<br>in € m. | Due in<br>2003 | Due in<br>2004 | Due in<br>2005 | Due in<br>2006 | Due in<br>2007 | Due after<br>2007 | Total<br>Dec 31, 2002 | Total<br>Dec 31, 2001 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|-------------------|-----------------------|-----------------------|
| <b>Senior debt</b>                 |                |                |                |                |                |                   |                       |                       |
| Mortgage bonds <sup>1</sup>        |                |                |                |                |                |                   |                       |                       |
| Fixed rate                         | –              | –              | –              | –              | –              | –                 | –                     | 48,501                |
| Floating rate                      | –              | –              | –              | –              | –              | –                 | –                     | 8,215                 |
| Other bonds and notes              |                |                |                |                |                |                   |                       |                       |
| Fixed rate                         | 5,940          | 7,085          | 4,669          | 5,688          | 2,706          | 26,525            | 52,613                | 59,773                |
| Floating rate                      | 6,374          | 7,548          | 5,715          | 7,422          | 2,741          | 12,246            | 42,046                | 39,167                |
| <b>Subordinated debt</b>           |                |                |                |                |                |                   |                       |                       |
| Bonds and notes <sup>2</sup>       |                |                |                |                |                |                   |                       |                       |
| Fixed rate                         | 2,198          | 62             | 210            | 1,248          | 532            | 2,940             | 7,190                 | 8,885                 |
| Floating rate                      | 258            | 268            | 88             | 20             | 368            | 1,204             | 2,206                 | 2,367                 |
| <b>Total</b>                       | <b>14,770</b>  | <b>14,963</b>  | <b>10,682</b>  | <b>14,378</b>  | <b>6,347</b>   | <b>42,915</b>     | <b>104,055</b>        | <b>166,908</b>        |

<sup>1</sup> Includes bonds known as "Pfandbriefe", which are issued by German mortgage banks. Decrease to zero in 2002 due to deconsolidation of mortgage bank subsidiaries.

<sup>2</sup> Includes DM 1.2 billion and DM 1.4 billion in nominal amounts of bearer participatory certificates which matured on December 31, 2002 and mature on December 31, 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:

|   | Dec 31, 2002 <sup>1</sup> | Dec 31, 2001 <sup>1</sup> |
|---|---------------------------|---------------------------|
| <b>Senior debt</b>  |                           |                           |
| Mortgage bonds <sup>2</sup>   |                           |                           |
| Fixed rate  | N/A                       | 0.01% – 8.45%             |
| Floating rate <sup>3</sup>  | N/A                       | 3.03% – 5.89%             |
| Other bonds and notes   |                           |                           |
| Fixed rate  | 0.04% – 16.00%            | 0.02% – 16.00%            |
| Floating rate   | 0.02% – 13.00%            | 0.08% – 11.64%            |
| <b>Subordinated debt</b>  |                           |                           |
| Bonds and notes   |                           |                           |
| Fixed rate  | 1.71% – 10.50%            | 0.88% – 18.00%            |
| Floating rate   | 0.27% – 8.00%             | 0.70% – 8.00%             |
| N/A – Not applicable  |                           |                           |
| <sup>1</sup> 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. |                           |                           |
| <sup>2</sup> Decrease to zero in 2002 due to deconsolidation of mortgage bank subsidiaries.   |                           |                           |
| <sup>3</sup> Excludes approximately € 1.4 billion in 2001 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 3.95% and 4.73% at December 31, 2002 and December 31, 2001, 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 for market-making purposes or held for a period of time. Purchases of the debt are accounted for as extinguishments; however, the resulting net gains (losses) during 2002 and 2001 were insignificant.

## [16] Trust Preferred Securities

The Group 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, 2002 and 2001 totaled € 3.1 billion and € 4.1 billion, respectively, comprised of € 1.0 billion and € 1.5 billion cumulative trust preferred securities (net of deferred issuance costs and unamortized discount), respectively, and € 2.1 billion and € 2.6 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 subordinated 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 Dec 31, 2002 | Aggregate Liquidation Amount of Trust Preferred Securities at Dec 31, 2001 | Per Annum Interest Rate of Debentures and Trust Preferred Securities | Interest Payment Dates    | Stated Maturity of Debentures and Trust Preferred Securities | Earlier Maturity Date <sup>1</sup> | Redemption Period of Debentures on or after |
|--|--|--|--|---------------------------|--|------------------------------------|---|
| BT Institutional Capital Trust A           | € 264 m.   | € 312 m.   | 8.09%  | 6/1, 12/1                 | 12/1/26  | –                                  | 12/1/06                                     |
| BT Institutional Capital Trust B           | € 152 m.   | € 180 m.   | 7.75%  | 6/1, 12/1                 | 12/1/26  | –                                  | 12/1/06                                     |
| BT Capital Trust B                         | € 197 m.   | € 233 m.   | 7.90%  | 1/15, 7/15                | 1/15/27  | 1/15/17                            | 1/15/07                                     |
| BT Preferred Capital Trust I <sup>2</sup>  | –  | € 283 m.   | 8.13%  | 3/31, 6/30<br>9/30, 12/31 | 2/1/37   | 2/1/02                             | 2/1/02                                      |
| BT Preferred Capital Trust II <sup>3</sup> | € 189 m.   | € 230 m.   | 7.88%  | 2/25, 8/25                | 2/25/27  | 2/25/12                            | 2/25/07                                     |
| BTC Capital Trust I                        | € 200 m.   | € 236 m.   | 3 month LIBOR plus 0.75%   | 3/30, 6/30<br>9/30, 12/30 | 12/30/26   | –                                  | 12/30/06                                    |
| <b>Total<sup>4</sup></b>                   | <b>€ 1,002 m.</b>  | <b>€ 1,474 m.</b>  |  |                           |  |                                    |   |

<sup>1</sup> The maturity dates may be shortened under certain circumstances.

<sup>2</sup> Outstanding shares were redeemed at par on February 28, 2002.

<sup>3</sup> During 2002, the Group repurchased approximately € 6 million BT Preferred Capital Trust II securities.

<sup>4</sup> Excludes deferred issuance costs and unamortized discount of € 7 million and € 13 million at December 31, 2002 and 2001, 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/creditors of the noncumulative trust preferred securities (or loans, as the case may be) 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 remaining periods between 2 and 27 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 Dec 31, 2002 | Aggregate Liquidation Amount of Trust Preferred Securities at Dec 31, 2001 | Per Annum Interest Rate of Notes | Interest Payment Dates  |
|--|--|--|----------------------------------|-------------------------|
| Deutsche Bank Capital Funding Trust I <sup>1</sup> | € 451 m.   | € 760 m.   | 7.87%                            | 6/30, 12/30             |
| Deutsche Bank Capital Funding Trust II             | € 211 m.   | € 249 m.   | 7.75%                            | 3/30, 6/30, 9/30, 12/30 |
| Deutsche Bank Capital Funding Trust III            | € 500 m.   | € 500 m.   | 6.60%                            | 3/30, 6/30, 9/30, 12/30 |
| Deutsche Bank Capital Trust I                      | € 305 m.   | € 361 m.   | 3 month LIBOR + 1.70%            | 3/30, 6/30, 9/30, 12/30 |
| Deutsche Bank Capital Trust II                     | € 155 m.   | € 172 m.   | 5.20%                            | 6/30, 12/30             |
| Deutsche Bank Capital Trust III                    | € 114 m.   | € 134 m.   | 3 month LIBOR + 1.90%            | 3/30, 6/30, 9/30, 12/30 |
| Deutsche Bank Capital Trust IV                     | € 156 m.   | € 184 m.   | 3 month LIBOR + 1.80%            | 3/30, 6/30, 9/30, 12/30 |
| Deutsche Bank Capital Trust V                      | € 216 m.   | € 255 m.   | 3 month LIBOR + 1.80%            | 3/30, 6/30, 9/30, 12/30 |
| <b>Total</b>                                       | <b>€ 2,108 m.</b>  | <b>€ 2,615 m.</b>  |                                  |                         |

<sup>1</sup> Includes basis adjustments on qualified hedges of € 44.0 million and € 22.1 million as of December 31, 2002 and 2001, respectively. Aggregate liquidation amount as of December 31, 2002 is net of amount repurchased in the open market.

The noncumulative preferred securities, subordinated notes and related income effects are eliminated in the consolidated financial statements.

### [17] 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. As of December 31, 2002, the put options were exercised and the shares have been acquired. In total, 900,000 shares were acquired via exercised put options and 4,251,000 shares are underlying the forward purchases. The cash redemption amounts of the forwards are reported as obligation to purchase common shares and result in a reduction of shareholders' equity with an equal amount reported under liabilities.



### [18] 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. The shares have a nominal value of € 2.56.

Common share activity was as follows:

| Number of shares                                    | 2002               | 2001               | 2000               |
|---|--------------------|--------------------|--------------------|
| <b>Common shares outstanding, beginning of year</b> | <b>614,475,625</b> | <b>614,600,765</b> | <b>613,058,750</b> |
| Shares issued under employee benefit plans          | 285,800            | 5,054,400          | 2,171,526          |
| Shares purchased for treasury                       | (440,351,020)      | (447,045,982)      | (436,326,857)      |
| Shares sold or distributed from treasury            | 444,869,642        | 441,866,442        | 435,697,346        |
| Shares purchased under share buy-back program       | (33,833,093)       | –                  | –                  |
| <b>Common shares outstanding, end of year</b>       | <b>585,446,954</b> | <b>614,475,625</b> | <b>614,600,765</b> |

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 noncash consideration. At December 31, 2002, Deutsche Bank had authorized but unissued capital of € 685,822,970 which may be issued at various dates through April 30, 2007 as follows:

| Authorized Capital         | Authorized Capital excluding Shareholders' Pre-Emptive Rights | Expiration Date |
|----------------------------|---|-----------------|
| € 127,822,970 <sup>1</sup> | –   | April 30, 2003  |
| € 300,000,000              | –   | April 30, 2004  |
| –                          | € 30,000,000  | May 31, 2005    |
| € 128,000,000 <sup>1</sup> | –   | April 30, 2006  |
| € 100,000,000              | –   | April 30, 2007  |

<sup>1</sup> Capital increase may be effected for noncash contributions with the intent of acquiring a company or holdings in companies.

Deutsche Bank also has conditional capital of € 231,614,835. Conditional capital includes various instruments that may potentially be converted into common shares. At December 31, 2002, € 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, 2004. In addition, € 64,000,000 is related to option rights issued until May 20, 2005 under the DB Global Partnership Plan, € 51,200,000 is related to option rights issued until May 10, 2003 under the DB Global Partnership Plan and € 35,719,539 is related to the option rights issued under the DB Global Share Plan and the db Share Plan. € 695,296 are available for the Global Equity Plan. These plans are described below.

The Group applies the provisions of APB 25 for its share-based compensation plans. Compensation expense for share-based awards is included in compensation and benefits on the Consolidated Statement of Income. See Note [1] for a discussion on the Group's accounting for share-based compensation.

In accordance with the requirements of SFAS 123 "Accounting for Stock-Based Compensation", the pro forma disclosures relating to net income and earnings per share are provided on pages 103 and 104.

The Group's significant share-based compensation plans are described in more detail below.

#### **DB Global Partnership**

**Deferred Share Awards.** DB Equity Units ("DB Equity Units") are deferred share awards, each of which entitles the holder to one of the shares approximately four years from the date of the grant, subject to certain exceptions. DB Equity Units granted in relation to annual bonuses are forfeited if a participant terminates employment under certain circumstances within the first two years following the grant.

Compensation expense for the DB Equity Units is recognized in the performance year as they relate to annual bonuses earned as part of compensation. Compensation expense is based on the quoted market price of a common share on the grant date of the award.

Deutsche Bank grants an exceptional award to a selected group of employees as a retention incentive that is forfeited if the participant terminates employment for any reason prior to the end of an approximate four-year vesting period. Compensation expense for the exceptional award is recognized over the vesting period.

**Options.** Performance options ("Performance Options") are rights to purchase the shares. The reference price is set at the higher of the fair market value of the shares on the date of grant or an average of the fair market value of the 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 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 second anniversary of the award date. Under certain circumstances, if a participant terminates employment prior to the vesting date, Performance Option awards will be forfeited. All options not previously exercised or forfeited expire on the sixth anniversary of the grant date.

No compensation expense was recognized for the years ended December 31, 2002 and 2001 because the exercise price of the Performance Options exceeded the market price of the underlying shares on the date of grant.

**Appreciation Rights.** Partnership Appreciation Rights ("PARs") are rights to receive a cash award 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.

#### **Share-Based Compensation**

#### **Share-Based Compensation Plans Currently Used For Granting New Awards**

No compensation expense was recognized for the years ended December 31, 2002 and 2001 as the PARs represent a right to a cash award that is only exercisable in conjunction with the exercise of Performance Options. This effectively reduces the exercise price of any Performance Option exercised to the reference price described above.

#### **DB Global Share Plan**

**Common Shares Purchased at a Discount.** In 2002, eligible employees could purchase up to 20 shares of the common shares. Eligible retirees could purchase up to 10 shares of the common shares. Only German employees and retirees were eligible to purchase these shares at a discount in 2002. In 2001, eligible employees could purchase up to 60 shares at a discount. Retirees in certain geographic regions were eligible to participate in the plan and were eligible to purchase up to 25 shares of the common shares at a discount. The discount was linked to the Group's previous year's earnings. The participant is fully vested and receives all dividend rights for the shares purchased. At the date of purchase, the Group recognizes 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.

**Options.** In 2002, employee participants received five options to purchase one share for each share purchased. In 2001, employee participants received 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 equal to 120% of the reference price. The reference price is set at the higher of the fair market value of the shares on the date of grant or an average of the fair market value of the shares for the ten trading days on the Frankfurt Stock Exchange up to and including the 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.

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.

#### **DB Share Scheme**

Under the 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 for retention purposes are expensed over the vesting period, which is generally three years. Compensation expense is based on the quoted market price of a common share at the grant date of the awards.

### Restricted Equity Units

Under the Restricted Equity Units Plan, the Group may grant various employees deferred share awards for retention purposes which provide the right to receive common shares of the Group at a specified future date. The expense related to restricted equity units awarded is recognized over the vesting period, which is generally four to five years. Compensation expense is based on the quoted market price of a common share at the grant date of the awards.

### 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 DM 1,000 denominations at par. 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 and employees could accept the offer during a specified period in 2001. 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. Compensation expense relating to participants who accepted the buy-out offer was fully accrued in 2001.

As of December 31, 2002, convertible bonds outstanding for the remaining participants may be converted into approximately 271,600 common shares after the annual shareholders' meeting in June 2003 if 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 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.

### Stock Appreciation Rights Plans

The Group has stock 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. The stock appreciation rights granted can be exercised approximately three years from the date of grant. Stock appreciation rights expire approximately six years from the date of grant. 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.

### Share-Based Compensation Plans No Longer Used for Granting New Awards

## Compensation Expense

### db Share Plan

**Common Shares Purchased at a Discount.** 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. 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. The terms and conditions of the prior db Share Plan are substantially similar to those of the DB Global Share Plan except for the determination of the option strike price as discussed below.

**Options.** 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%.

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 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.

### 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.

The Group recognized compensation expense related to its significant share-based compensation plans, described above, as follows:

| in € m.                                      | 2002       | 2001         | 2000         |
|--|------------|--------------|--------------|
| DB Global Partnership <sup>1</sup>           | 4          | 19           | –            |
| DB Global Share Plan                         | 3          | 4            | –            |
| DB Share Scheme/Restricted Equity Units      | 469        | 726          | 890          |
| Global Equity Plan                           | (6)        | 302          | 236          |
| Stock Appreciation Rights Plans <sup>2</sup> | 35         | 93           | 54           |
| db Share Plan                                | (45)       | 53           | 126          |
| <b>Total</b>                                 | <b>460</b> | <b>1,197</b> | <b>1,306</b> |

<sup>1</sup> Compensation expense for the years ended December 31, 2002 and 2001 included € 3.9 million and € 19 million, respectively, related to DB Equity Units granted in February 2003 and February 2002, respectively.

<sup>2</sup> For the years ended December 31, 2002 and 2001, net losses of € 226 million and € 27 million, respectively, from nontrading equity derivatives, used to offset fluctuations in employee share-based compensation expense, were included.

The following is a summary of the Group's current share-based compensation plans for the years ended December 31, 2002 and 2001 (amounts in thousands of shares, except exercise prices).

|   | DB Global Partnership        |                                  |                                 | DB Global Share Plan |                      |                                 |
|---|------------------------------|----------------------------------|---------------------------------|----------------------|----------------------|---------------------------------|
|   | DB Equity Units <sup>1</sup> | Performance Options <sup>2</sup> | Weighted-average exercise price | Shares               | Options <sup>3</sup> | Weighted-average exercise price |
| <b>Balance at Dec 31, 2000</b>  | -                            | -                                | -                               | -                    | -                    | -                               |
| Granted   | -                            | -                                | -                               | -                    | 176                  | € 87.66                         |
| Issued  | -                            | -                                | -                               | 237                  | -                    | -                               |
| Forfeited   | -                            | -                                | -                               | -                    | (1)                  | € 87.66                         |
| <b>Balance at Dec 31, 2001</b>  | -                            | -                                | -                               | <b>N/A</b>           | <b>175</b>           | <b>€ 87.66</b>                  |
| Granted   | 451                          | 12,156                           | € 89.96                         | -                    | 2,082                | € 55.39                         |
| Issued  | -                            | -                                | -                               | 471                  | -                    | -                               |
| Forfeited   | (43)                         | (392)                            | € 89.96                         | -                    | (22)                 | € 57.99                         |
| <b>Balance at Dec 31, 2002</b>  | <b>408</b>                   | <b>11,764</b>                    | <b>€ 89.96</b>                  | <b>N/A</b>           | <b>2,235</b>         | <b>€ 57.90</b>                  |
| Weighted-average remaining contractual life at Dec 31, 2002   |                              | 5 years                          |                                 |                      | 5 years and 9 months |                                 |
| <small>N/A – Not applicable. Participant is fully vested for shares purchased under the DB Global Share Plan.<br/> <sup>1</sup> The weighted-average grant-date fair value per share of deferred share awards granted in 2002 was € 74.97.<br/> <sup>2</sup> The weighted-average grant-date fair value per option granted during 2002 was € 21.24.<br/> <sup>3</sup> The weighted-average grant-date fair value per option granted during 2002 and 2001 was € 12.35 and € 22.76, respectively.</small> |                              |                                  |                                 |                      |                      |                                 |

There were no options exercisable under the DB Global Partnership Plan or the DB Global Share Plan at December 31, 2002 or 2001.

In addition, approximately 97,000 DB Equity Units were granted in February 2003 related to the 2002 performance year and included in compensation expense for the year ended December 31, 2002. Approximately 24,000 DB Equity Units were granted as a retention incentive in February 2003.

Approximately 15 million Performance Options and PARs were granted in February 2003 related to the 2002 performance year.

The following is a summary of the DB Share Scheme (including Restricted Equity Units) for the years ended December 31, 2002, 2001 and 2000 (amounts in thousands of shares) broken into two categories in accordance with the Group's expensing policy. Bonus awards are expensed in the performance year based on the quoted market price of a share at the grant date, and are generally granted in the following year. Retention awards are contingent upon continued service. The compensation expense related to retention awards is based on the quoted market price of a share at the grant date of the award and will be recognized over the vesting period. Retention awards are also granted to newly recruited employees to replace awards forfeited from a previous employer.

|                                | Bonus Awards <sup>1</sup> | Retention Awards <sup>2</sup> | Total         |
|--------------------------------|---------------------------|-------------------------------|---------------|
| in thousands of shares         |                           |                               |               |
| <b>Balance at Dec 31, 1999</b> | <b>1,327</b>              | <b>3,540</b>                  | <b>4,867</b>  |
| Granted                        | 4,898                     | 5,264                         | 10,162        |
| Issued                         | (2,526)                   | (1,717)                       | (4,243)       |
| Forfeited                      | (274)                     | (200)                         | (474)         |
| <b>Balance at Dec 31, 2000</b> | <b>3,425</b>              | <b>6,887</b>                  | <b>10,312</b> |
| Granted                        | 6,607                     | 9,495                         | 16,102        |
| Issued                         | (4,012)                   | (2,902)                       | (6,914)       |
| Forfeited                      | (297)                     | (176)                         | (473)         |
| <b>Balance at Dec 31, 2001</b> | <b>5,723</b>              | <b>13,304</b>                 | <b>19,027</b> |
| Granted                        | 6,386                     | 12,148                        | 18,534        |
| Issued                         | (5,603)                   | (4,243)                       | (9,846)       |
| Forfeited                      | (417)                     | (1,610)                       | (2,027)       |
| <b>Balance at Dec 31, 2002</b> | <b>6,089</b>              | <b>19,599</b>                 | <b>25,688</b> |

<sup>1</sup> The weighted-average grant-date fair values per share of deferred share awards granted during 2002, 2001 and 2000 were € 74.96, € 97.96 and € 82.29, respectively.

<sup>2</sup> The weighted-average grant-date fair values per share of deferred share awards granted during 2002, 2001 and 2000 were € 72.56, € 66.66 and € 88.88, respectively. For the outstanding balance at year-end 2002 the weighted-average grant-date fair value per share was € 70.28 and approximately € 400 million were expensed by year-end 2002.

In addition to the amounts shown in the table above, the Group granted the following equity awards in February 2003:

(a) Approximately 1 million DB Share Scheme awards with a fair value of € 39.61 in relation to the 2002 performance year as bonus awards, which were expensed entirely in 2002.

(b) Approximately 24 million restricted equity units as retention awards. Each equity unit provides the right to receive a common share of the Group's stock subject to certain vesting criteria through August 2007, and will be expensed over the vesting period. These awards are granted in anticipation of ongoing contribution to the Group and, in most cases, award recipients forfeit their rights to receive shares if they leave the Group before the end of the vesting period. The quoted market price of a share at the grant date of the 2003 awards was € 39.61.

The following is a summary of the Group's share-based compensation plans (for which there will be no future awards) for the years ended December 31, 2002, 2001 and 2000.

| in thousands of equivalent shares                           | Global Equity Plan             | Stock Appreciation Rights Plans | db Share Plan |                      |
|---|--------------------------------|---------------------------------|---------------|----------------------|
|   | Convertible Bonds <sup>1</sup> | SARs <sup>2</sup>               | Shares        | Options <sup>3</sup> |
| <b>Balance at Dec 31, 1999</b>                              | <b>10,977</b>                  | –                               | –             | <b>1,633</b>         |
| Purchased   | 6,968                          | –                               | 2,172         | –                    |
| Granted   | –                              | 6,674                           | –             | 1,889                |
| Forfeited   | (549)                          | (166)                           | –             | (34)                 |
| <b>Balance at Dec 31, 2000</b>                              | <b>17,396</b>                  | <b>6,508</b>                    | <b>N/A</b>    | <b>3,488</b>         |
| Granted – original  | –                              | 16,510                          | –             | –                    |
| Exchanged   | –                              | (16,223)                        | –             | –                    |
| Granted – new   | –                              | 10,328                          | –             | –                    |
| Convertible bonds converted                                 | (5,054)                        | –                               | –             | –                    |
| Convertible bonds redeemed                                  | (11,086)                       | –                               | –             | –                    |
| Forfeited   | (649)                          | (195)                           | –             | (12)                 |
| <b>Balance at Dec 31, 2001</b>                              | <b>607</b>                     | <b>16,928</b>                   | <b>N/A</b>    | <b>3,476</b>         |
| Granted   | –                              | 3                               | –             | –                    |
| Issued  | –                              | (30)                            | –             | (1,453)              |
| Convertible bonds converted                                 | (286)                          | –                               | –             | –                    |
| Forfeited   | (49)                           | (555)                           | –             | (170)                |
| <b>Balance at Dec 31, 2002</b>                              | <b>272</b>                     | <b>16,346</b>                   | <b>–</b>      | <b>1,853</b>         |
| Weighted-average remaining contractual life at Dec 31, 2002 | 5 months                       |                                 |               | 5 months             |

N/A – Not applicable. Participant is fully vested for shares purchased under the db Share Plan.

<sup>1</sup> Convertible bonds are included in long-term debt on the Consolidated Balance Sheet. Amounts presented in table above are presented in thousands of equivalent shares.

<sup>2</sup> SARs are granted at various strike prices. In October 2001, 16,223,276 SARs with a strike price of € 98 vesting in 2004 and expiring in 2007 were replaced by 10,328,417 rights at a strike price of € 67.

<sup>3</sup> The options outstanding as of December 31, 2002 will expire in one tranche after the shareholder meeting in 2003. The weighted-average grant-date fair value per option granted during 2000 was € 63.47.

There were no options exercisable under the db Share Plan at December 31, 2002, 2001 or 2000.

See Note [1] for the pro forma information regarding net income and earnings per share as required by SFAS 123. The pro forma information was determined for the years ended December 31, 2002, 2001 and 2000, 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 recognized in the performance year if it relates to annual bonuses earned as part of compensation, while the remainder is amortized to expense over the option's vesting period.

## SFAS 123 Pro-forma-Information



In 2002 and 2001, the fair value of share options was estimated on the date of grant primarily using a Black-Scholes option pricing model. The fair value of share options granted in 2000 was estimated on the date of grant using a forward valuation model. The weighted-average fair value per option and related assumptions were:

|  | Dec 31, 2002 | Dec 31, 2001 | Dec 31, 2000 |
|--|--------------|--------------|--------------|
| Weighted-average fair value per option | € 12.03      | € 21.29      | € 63.06      |
| Estimated discount                     | N/A          | N/A          | 66.67%       |
| Risk free interest rate                | 3.45%        | 5.03%        | 4.99%        |
| Expected lives (in years)              | 4.4          | 4.5          | 2.78         |
| Dividend yield                         | 3.22%        | 1.55%        | 1.59%        |
| Volatility                             | 43.20%       | 32.57%       | –            |

N/A – Not applicable. Options granted in 2000 were based on a discount.

### [19] Asset Restrictions and Dividends

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 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 € 450 million and € 507 million at December 31, 2002 and 2001, respectively.

Under Deutsche Bank's Articles of Association and German law, dividends are based on the results of Deutsche Bank AG as prepared in accordance with German accounting rules. The Board of Managing Directors, which prepares the annual financial statements of Deutsche Bank AG on an unconsolidated basis, and the Supervisory Board, which reviews them, first allocate part of Deutsche Bank's annual surplus (if any) to the statutory reserves and to any losses carried forward, as it is legally required to do. Then they allocate the remainder between profit reserves (or retained earnings) and balance sheet profit (or distributable profit). They may allocate up to one-half of this remainder to profit reserves, and must allocate at least one-half to balance sheet profit. The Group then distributes the full amount of the balance sheet profit of Deutsche Bank AG if the shareholders' meeting resolves so.

Certain other subsidiaries are subject to various regulatory and other restrictions that may limit cash dividends and certain advances to Deutsche Bank.

## [20] Regulatory Capital

The regulatory capital adequacy guidelines applicable to the Group are set forth by the Basel Committee on Banking Supervision, the secretariat of which is provided by the Bank for International Settlements ("BIS") and by European Council directives, as implemented by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), which has assumed this responsibility from the former German Banking Supervisory Authority. Effective December 31, 2001 the BaFin 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 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 BaFin 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, unrealized gains on listed securities and other inherent loss allowance. 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 € 3.0 billion as of December 31, 2002. For the purpose of calculating the regulatory capital, gross unrealized gains on available for sale securities are excluded from Tier I capital. The adjustment relates to accumulated other comprehensive income (€ (2.9) billion) and the release of deferred tax provisions (€ 3.0 billion) included in retained earnings.

Failure to meet minimum capital requirements can initiate certain mandates, and possibly additional discretionary actions by the BaFin 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. (except percentages)          | Dec 31, 2002 | Dec 31, 2001 |
|---------------------------------------|--------------|--------------|
| BIS total capital                     | 29,862       | 37,058       |
| BIS core capital                      | 22,742       | 24,803       |
| BIS risk position <sup>1</sup>        | 237,479      | 305,079      |
| BIS capital ratio (Tier I + II + III) | 12.6%        | 12.1%        |
| BIS core capital ratio (Tier I)       | 9.6%         | 8.1%         |

<sup>1</sup> Primarily comprised of credit risk weighted assets. Also includes market risk equivalent assets of € 6.2 billion as of December 31, 2002, and € 8.0 billion as of December 31, 2001.

### Capital According to BIS

Capital in accordance with BIS is shown in the table below. With a capital ratio of 12.6% at December 31, 2002, 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:

| in € m.   |               | Dec 31, 2002   |              |
|---|---------------|--|--------------|
| Common shares   | 1,592         | Unrealized gains on listed securities (45% eligible)   | 138          |
| Additional paid-in capital  | 11,199        | Other inherent loss allowance                          | 687          |
| Retained earnings, consolidated profit, treasury shares, cumulative translation adjustments, stock awards | 20,089        | Cumulative preferred securities                        | 995          |
| Minority interests  | 401           | Subordinated liabilities, if eligible according to BIS | 5,300        |
| Noncumulative trust preferred securities  | 2,287         |  |              |
| Other (equity contributed by silent partners)   | 686           |  |              |
| Items deducted (principally goodwill and tax effect of available for sale securities)                     | (13,512)      |  |              |
| <b>Total core capital</b>   | <b>22,742</b> | <b>Total supplementary capital</b>                     | <b>7,120</b> |

The group of companies consolidated for regulatory purposes includes all subsidiaries in the meaning of the German Banking Act, which are classified as credit, financial services and financing companies, as well as companies providing auxiliary banking services. It does not include insurance companies, fund management companies inside the European Union or companies outside the finance sector.

## [21] Interest Revenues and Interest Expense

The following are the components of interest revenues and interest expense:

| in € m.  | 2002          | 2001          | 2000          |
|--|---------------|---------------|---------------|
| <b>Interest revenues</b>   |               |               |               |
| Interest-earning deposits with banks   | 1,469         | 2,912         | 2,303         |
| Central bank funds sold and securities purchased under resale agreements     | 6,579         | 8,226         | 8,007         |
| Securities borrowed  | 2,809         | 5,327         | 6,644         |
| Interest income on securities available for sale and other investments       | 1,257         | 2,682         | 2,594         |
| Dividend income on securities available for sale and other investments       | 385           | 1,029         | 762           |
| Loans  | 11,741        | 17,619        | 20,137        |
| Trading assets   | 11,378        | 15,571        | 14,439        |
| Other  | 163           | 273           | 245           |
| <b>Total interest revenues</b>   | <b>35,781</b> | <b>53,639</b> | <b>55,131</b> |
| <b>Interest expense</b>  |               |               |               |
| Interest-bearing deposits  |               |               |               |
| Domestic   | 2,662         | 3,169         | 3,877         |
| Foreign  | 6,657         | 12,555        | 13,020        |
| Trading liabilities  | 4,410         | 5,723         | 6,285         |
| Central bank funds purchased and securities sold under repurchase agreements | 7,049         | 10,829        | 10,979        |
| Securities loaned  | 580           | 1,902         | 2,161         |
| Other short-term borrowings  | 705           | 1,636         | 2,708         |
| Long-term debt   | 6,362         | 8,918         | 8,767         |
| Trust preferred securities   | 170           | 287           | 306           |
| <b>Total interest expense</b>  | <b>28,595</b> | <b>45,019</b> | <b>48,103</b> |
| <b>Net interest revenues</b>   | <b>7,186</b>  | <b>8,620</b>  | <b>7,028</b>  |

## [22] Trading Revenues, Net

The following are the components of trading revenues:

| in € m.                                    | 2002         | 2001         | 2000         |
|--|--------------|--------------|--------------|
| Interest and credit trading                | 1,286        | 2,203        | 1,740        |
| Equity trading                             | 62           | 1,610        | 3,367        |
| Foreign exchange, metal, commodity trading | 1,226        | 1,385        | 1,102        |
| Other trading <sup>1</sup>                 | 1,450        | 833          | 1,416        |
| <b>Total</b>                               | <b>4,024</b> | <b>6,031</b> | <b>7,625</b> |

<sup>1</sup> Includes gains and losses from derivatives not qualifying for hedge accounting treatment.

## [23] Insurance Business

The following are the components of other assets related to insurance business:

| in € m.   | Dec 31, 2002 | Dec 31, 2001  |
|---|--------------|---------------|
| Investment under unit-linked business                   | 7,514        | 11,467        |
| Deferred acquisition costs                              | 17           | 1,729         |
| Other   | 266          | 679           |
| <b>Total other assets related to insurance business</b> | <b>7,797</b> | <b>13,875</b> |

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.   | Dec 31, 2002 | Dec 31, 2001  |
|---|--------------|---------------|
| Benefit reserves                                  | 418          | 18,922        |
| Reserve for unit-linked business                  | 7,514        | 11,932        |
| Provision for premium refund                      | –            | 1,303         |
| Other insurance provisions and liabilities        | 625          | 3,084         |
| <b>Total insurance policy claims and reserves</b> | <b>8,557</b> | <b>35,241</b> |

The Group sold most of its insurance business in 2002 to Zurich Financial Services.

#### [24] 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 provides retirement arrangements primarily for employees working in the United States, Germany, Spain, Italy, Belgium, France, the 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. In December 2002 the Group funded the majority of its pension plans in Germany. The Group contributed € 3.9 billion to a segregated pension trust relating to an accumulated benefit obligation totaling € 3.5 billion. In addition, the Group contributed to its qualified U.S. and U.K. pension plans approximately € 115 million and € 300 million, respectively. Plans in Germany, the United States, the United Kingdom, Belgium, France, the Netherlands and Asia are generally funded, while the 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 affiliates 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 December 31, 2002 and a statement of the funded status as of December 31 for each year:

| in € m.  | Pension Benefits |                | Postretirement Benefits |              |
|--|------------------|----------------|-------------------------|--------------|
|  | 2002             | 2001           | 2002                    | 2001         |
| <b>Change in benefit obligation</b>                    |                  |                |                         |              |
| Benefit obligation at beginning of year                | 6,772            | 6,416          | 151                     | 121          |
| Service cost   | 323              | 309            | 4                       | 4            |
| Interest cost  | 384              | 367            | 8                       | 10           |
| Plan amendments  | 11               | –              | 20                      | –            |
| Acquisitions/divestitures                              | (55)             | (25)           | 5                       | –            |
| Actuarial loss (gain)                                  | (194)            | (83)           | 5                       | 25           |
| Benefits paid  | (282)            | (266)          | (12)                    | (10)         |
| Curtailed/settlement                                   | 4                | –              | –                       | (5)          |
| Foreign currency exchange rate changes                 | (310)            | 54             | (21)                    | 6            |
| <b>Benefit obligation at end of year</b>               | <b>6,653</b>     | <b>6,772</b>   | <b>160</b>              | <b>151</b>   |
| <b>Change in plan assets</b>                           |                  |                |                         |              |
| Fair value of plan assets at beginning of year         | 2,369            | 2,634          | –                       | 1            |
| Actual return on plan assets                           | (289)            | (350)          | –                       | –            |
| Employer contributions <sup>1</sup>                    | 4,493            | 97             | 12                      | 10           |
| Benefits paid  | (103)            | (100)          | (13)                    | (10)         |
| Curtailed/settlement                                   | 67               | –              | 1                       | (1)          |
| Foreign currency exchange rate changes                 | (241)            | 88             | –                       | –            |
| <b>Fair value of plan assets at end of year</b>        | <b>6,296</b>     | <b>2,369</b>   | <b>–</b>                | <b>–</b>     |
| <b>Funded status</b>                                   | <b>(357)</b>     | <b>(4,403)</b> | <b>(160)</b>            | <b>(151)</b> |
| Unrecognized net actuarial loss (gain)                 | 893              | 690            | (13)                    | (21)         |
| Unrecognized prior service cost (benefit)              | (1)              | 26             | 15                      | (8)          |
| Unrecognized transition assets                         | 1                | (5)            | –                       | –            |
| <b>Accrued benefit cost at end of year<sup>2</sup></b> | <b>536</b>       | <b>(3,692)</b> | <b>(158)</b>            | <b>(180)</b> |

<sup>1</sup> Amount of 2002 includes € 3.9 billion, € 115 million and € 300 million contributed to the Group's German, U.S. and U.K. pension plans, respectively.

<sup>2</sup> Prepaid pension costs totaled € 951 million and € 665 million at December 31, 2002 and 2001, 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 € 1,454 million, € 1,367 million and € 1,084 million, respectively, as of December 31, 2002 and € 4,654 million, € 4,185 million and € 297 million, respectively, as of December 31, 2001.

A minimum pension liability of € 8 million, net of tax, is recorded in other comprehensive income for the excess of accumulated benefit obligation over the fair value of plan assets.

Benefits expense for the years ended December 31, 2002, 2001 and 2000, included the following components:

| in € m.                                       | Pension Benefits |            |            | Postretirement Benefits |           |          |
|---|------------------|------------|------------|-------------------------|-----------|----------|
|   | 2002             | 2001       | 2000       | 2002                    | 2001      | 2000     |
| Service cost                                  | 323              | 309        | 314        | 4                       | 4         | 2        |
| Interest cost                                 | 384              | 367        | 339        | 8                       | 10        | 7        |
| Expected return on plan assets                | (175)            | (197)      | (200)      | –                       | –         | –        |
| Actuarial loss (gain) recognized              | 39               | 1          | 15         | –                       | (1)       | –        |
| Settlement/curtailment                        | 4                | 4          | 24         | –                       | –         | –        |
| Amortization of unrecognized transition asset | (10)             | (10)       | (13)       | –                       | –         | –        |
| <b>Total defined benefit plans</b>            | <b>565</b>       | <b>474</b> | <b>479</b> | <b>12</b>               | <b>13</b> | <b>9</b> |
| Defined contribution plans                    | 228              | 175        | 196        | –                       | –         | –        |
| Other plans                                   | –                | –          | 9          | –                       | –         | –        |
| <b>Net periodic benefit expense</b>           | <b>793</b>       | <b>649</b> | <b>684</b> | <b>12</b>               | <b>13</b> | <b>9</b> |

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 <sup>1</sup> |      |      |
|--|------------------|------|------|--------------------------------------|------|------|
|  | 2002             | 2001 | 2000 | 2002                                 | 2001 | 2000 |
| Discount rate in determining expense   | 5.7%             | 6.4% | 5.7% | 6.7%                                 | 7.2% | 7.7% |
| Discount rate in determining benefit obligations at year-end                                   | 5.8%             | 6.1% | 6.2% | 6.7%                                 | 7.2% | 7.6% |
| Rate of increase in future compensation levels for determining expense                         | 3.0%             | 3.4% | 3.0% | 4.5%                                 | 5.0% | 5.0% |
| Rate of increase in future compensation levels for determining benefit obligations at year-end | 2.0%             | 2.5% | 3.5% | 4.0%                                 | 5.0% | 5.0% |
| Expected long-term rate of return on assets  | 6.7%             | 8.1% | 8.2% | N/A                                  | 9.0% | 9.0% |

N/A – Not applicable  
<sup>1</sup> 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 8.9% in the per capita cost of covered health care benefits was assumed for 2003. 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 |      |
|---|-------------------------------|------|-------------------------------|------|
|   | 2002                          | 2001 | 2002                          | 2001 |
| Effect on total of service and interest cost components | 2                             | 2    | (2)                           | (2)  |
| Effect on accumulated postretirement benefit obligation | 18                            | 16   | (15)                          | (14) |

### [25] Restructuring Activities

Restructuring plans 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, 2002, 2001 and 2000:

| in € m.                                 | 2002 Plans          |           |                       |          | 2001 Plan         |           | 2001 and Prior Completed Plans | Total     |                     |                  |
|---|---------------------|-----------|-----------------------|----------|-------------------|-----------|--------------------------------|-----------|---------------------|------------------|
|   | Group Restructuring |           | Scudder Restructuring |          | CIB Restructuring |           |                                |           | Group Restructuring |                  |
|   | Severance           | Other     | Severance             | Other    | Severance         | Other     | Severance                      | Other     |                     |                  |
| <b>Balance at Dec 31, 1999</b>          | -                   | -         | -                     | -        | -                 | -         | -                              | -         | <b>302</b>          | <b>302</b>       |
| Additions                               | -                   | -         | -                     | -        | -                 | -         | -                              | -         | 173                 | 173              |
| Utilization                             | -                   | -         | -                     | -        | -                 | -         | -                              | -         | 308                 | 308              |
| Releases                                | -                   | -         | -                     | -        | -                 | -         | -                              | -         | 60                  | 60 <sup>1</sup>  |
| Effects from exchange rate fluctuations | -                   | -         | -                     | -        | -                 | -         | -                              | -         | 21                  | 21               |
| <b>Balance at Dec 31, 2000</b>          | -                   | -         | -                     | -        | -                 | -         | -                              | -         | <b>128</b>          | <b>128</b>       |
| Additions                               | -                   | -         | -                     | -        | -                 | -         | 234                            | 60        | -                   | 294              |
| Utilization                             | -                   | -         | -                     | -        | -                 | -         | 22                             | -         | 128                 | 150              |
| Releases                                | -                   | -         | -                     | -        | -                 | -         | -                              | -         | -                   | -                |
| Effects from exchange rate fluctuations | -                   | -         | -                     | -        | -                 | -         | -                              | -         | -                   | -                |
| <b>Balance at Dec 31, 2001</b>          | -                   | -         | -                     | -        | -                 | -         | <b>212</b>                     | <b>60</b> | -                   | <b>272</b>       |
| Additions                               | 235                 | 105       | 83                    | 3        | 215               | 50        | -                              | -         | -                   | 691 <sup>2</sup> |
| Utilization                             | 203                 | 92        | 57                    | -        | 77                | 27        | 173                            | 54        | -                   | 683              |
| Releases                                | -                   | -         | -                     | -        | -                 | -         | 20                             | 2         | -                   | 22               |
| Effects from exchange rate fluctuations | (2)                 | (1)       | (12)                  | -        | (10)              | (4)       | (19)                           | (4)       | -                   | (52)             |
| <b>Balance at Dec 31, 2002</b>          | <b>30</b>           | <b>12</b> | <b>14</b>             | <b>3</b> | <b>128</b>        | <b>19</b> | -                              | -         | -                   | <b>206</b>       |

<sup>1</sup> Includes € 12 million recorded as goodwill; net expense, after additions, is € 125 million.

<sup>2</sup> Scudder restructuring of € 86 million recorded as goodwill; net expense, after releases, is € 583 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, 2002, € 172 million of the remaining restructuring liabilities related to severance and other termination-related costs for further staff reductions of approximately 1,500 positions. These severance actions, as well as the actions related to other exit activities, are expected to be completed by the end of the first half of 2003.

During the year ended December 31, 2002, approximately 5,400 employees were terminated, resulting in a payment of € 510 million against restructuring liabilities.

The following is a description of the Group's restructuring plans for the years ended December 31, 2002 and 2001.

**Group Restructuring.** The Group recorded a pre-tax charge of € 340 million in the first quarter of 2002 related to restructuring activities affecting all of Deutsche Bank's group divisions: Corporate and Investment Bank (CIB), Private Clients and Asset Management (PCAM) and Corporate Investments (CI). Of the total € 340 million, € 246 million are related to restructuring measures in PCAM, € 93 million in CIB and € 1 million in CI. A total of approximately 2,100 staff are impacted by these restructuring plans. The restructuring covers a broad range of measures primarily to streamline the Group's branch network in Germany, as well as its infrastructure.

As of December 31, 2002, approximately 2,000 positions were eliminated and € 295 million of the reserve was utilized. As of December 31, 2002, € 30 million of the remaining reserve balance related to severance and other termination-related costs for further staff reductions of approximately 100 positions and € 12 million related to lease terminations and other related costs. All actions contemplated in the plan are expected to be completed by the end of the first quarter of 2003.

**CIB Restructuring.** In the second quarter of 2002, the Group recorded a restructuring liability of € 265 million related to the CIB Group Division. The plan affected approximately 2,000 staff, across all levels of the Group.

The restructuring resulted from detailed business reviews and reflected the Group's outlook for the markets in which it operates. 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.

During the year ended December 31, 2002, approximately 800 positions were eliminated and € 104 million of the reserve was utilized. As of December 31, 2002, € 128 million of the remaining reserve balance related to severance and other termination-related costs for further staff reductions of approximately 1,200 positions and € 19 million related to lease terminations and other related costs. All actions contemplated in the plan are expected to be completed by the end of the first half of 2003.

**Scudder Restructuring.** During 2002, the Group recorded a restructuring liability of € 86 million related to restructuring activities in connection with the acquisition of Zurich Scudder Investments, Inc. Of this amount, approximately € 83 million of severance and other termination-related costs and € 3 million for other costs, primarily related to lease terminations, were recognized as a liability assumed as of the acquisition date and charged directly to goodwill. A total of approximately 1,000 Scudder staff is impacted by this restructuring plan.

## 2002 Plans

As of December 31, 2002, € 14 million of the remaining reserve balance related to severance and other termination-related costs for further staff reductions of approximately 150 positions and € 3 million related to lease and contract terminations. All actions contemplated in the plan are expected to be completed by the end of the first half of 2003.

## 2001 Plan

**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: CIB and PCAM. Of the total € 294 million originally, € 213 million related to the restructuring measures in CIB and € 81 million to PCAM, including € 14 million related to Private Clients Services (PCS) business line that was transferred from PCAM to CIB. The Group planned for a reduction of approximately 2,400 staff across all levels of the Group.

The restructuring in CIB covered 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 impacted 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 included 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. During the year ended December 31, 2002, approximately 1,800 additional employees were terminated in connection with the plan. Due primarily to higher than expected staff attrition, actions related to the remaining positions included in the restructuring plan were not taken and, therefore, reserves of € 20 million were released in 2002. The remaining infrastructure related reserve of € 2 million was also released during 2002.

## [26] Income Taxes

The components of income taxes (benefits) follow:

| in € m.               | 2002         | 2001         | 2000           |
|-----------------------|--------------|--------------|----------------|
| Domestic              | 215          | 486          | 337            |
| Foreign               | 494          | 1,102        | 1,351          |
| <b>Current taxes</b>  | <b>709</b>   | <b>1,588</b> | <b>1,688</b>   |
| Domestic              | 2,992        | 100          | (8,356)        |
| Foreign               | (512)        | (259)        | 24             |
| <b>Deferred taxes</b> | <b>2,480</b> | <b>(159)</b> | <b>(8,332)</b> |
| <b>Total</b>          | <b>3,189</b> | <b>1,429</b> | <b>(6,644)</b> |

The following is an analysis of the difference between the amount that would result from applying the German statutory income tax rate to income before tax and the Group's actual income tax expense (benefit):

| in € m.   | 2002         | 2001         | 2000           |
|---|--------------|--------------|----------------|
| <b>Expected tax expense at German statutory income tax rate of 39.2% (52.4% for 2000)</b> | <b>1,391</b> | <b>707</b>   | <b>3,599</b>   |
| Effect of changes in German tax law and the reversing effect                              | 2,817        | 995          | (9,287)        |
| Domestic tax rate differential on dividend distribution                                   | (65)         | –            | (172)          |
| Tax-exempt gains on securities and other income   | (1,824)      | (1,077)      | (101)          |
| Foreign tax-rate differential   | 87           | (146)        | (903)          |
| Change in valuation allowance   | 254          | 286          | (108)          |
| Nondeductible expenses  | 223          | 354          | 98             |
| Goodwill amortization/impairment  | 24           | 363          | 404            |
| Tax credit related to domestic dividend received  | (7)          | (109)        | (144)          |
| Tax rate differential on (income) loss on equity method investments                       | 348          | 143          | (157)          |
| Other   | (59)         | (87)         | 127            |
| <b>Actual income tax expense (benefit)</b>  | <b>3,189</b> | <b>1,429</b> | <b>(6,644)</b> |

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 equity securities. 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 equity securities 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 equity securities – even though these deferred taxes were originally established through a charge to other comprehensive income, not through a charge to earnings.

For the years ended December 31, 2002 and 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 € 2,817 million and € 995 million, respectively. This adjustment does not result in actual tax payments and has no net effect on shareholders' equity.

The remaining accumulated deferred tax amounts recorded within other comprehensive income will be reversed as income tax expense in the periods that the related securities are sold. At December 31, 2002 and 2001, 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 € 3.0 billion and € 5.9 billion, respectively.

The corporate income tax rate in Germany has been temporarily increased by 1.5% to 26.5% for the year 2003 only as enacted in September 2002. This will increase the statutory income tax rate to 40.5% for temporary differences that will reverse in 2003. The resulting tax benefit did not have a material impact on income taxes.

The tax effects of each type of temporary difference and carryforward that give rise to significant portions of deferred income tax assets and liabilities are the following:

| in € m.  | Dec 31, 2002  | Dec 31, 2001  |
|--|---------------|---------------|
| <b>Deferred income tax assets</b>                    |               |               |
| Trading activities                                   | 12,298        | 17,424        |
| Net operating loss carryforwards and tax credits     | 2,632         | 2,222         |
| Property and equipment, net                          | 673           | 756           |
| Other assets   | 2,253         | 2,913         |
| Allowance for loan losses                            | 152           | 315           |
| Other provisions                                     | 593           | 883           |
| <b>Total</b>   | <b>18,601</b> | <b>24,513</b> |
| Valuation allowance                                  | (949)         | (965)         |
| <b>Deferred tax assets after valuation allowance</b> | <b>17,652</b> | <b>23,548</b> |
| <b>Deferred income tax liabilities</b>               |               |               |
| Trading activities                                   | 13,197        | 19,468        |
| Property and equipment, net                          | 689           | 434           |
| Securities valuation                                 | 82            | 236           |
| Other liabilities                                    | 858           | 974           |
| <b>Total</b>   | <b>14,826</b> | <b>21,112</b> |
| <b>Net deferred income tax assets</b>                | <b>2,826</b>  | <b>2,436</b>  |

Included in other assets and other liabilities at December 31, 2002 and 2001 are deferred tax assets of € 3.9 billion and € 3.8 billion and deferred tax liabilities of € 1.1 billion and € 1.4 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, 2002 were € 6.3 billion of which € 5.9 billion has no expiration date and € 429 million expire at various dates extending to 2021. Tax credits were € 326 million of which € 221 million will expire in 2004 and € 33 million will expire in 2005 and € 72 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 € 5.2 billion of cumulative earnings of foreign subsidiaries as of December 31, 2002 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.

**[27] 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 tables set forth the computation of basic and diluted earnings per share:

| in € m.  | 2002               | 2001               | 2000               |
|--|--------------------|--------------------|--------------------|
| Income before cumulative effect of accounting changes, net of tax  | 360                | 374                | 13,513             |
| Cumulative effect of accounting changes, net of tax  | 37                 | (207)              | –                  |
| Numerator for basic earnings per share – net income  | 397                | 167                | 13,513             |
| Effect of dilutive securities:   |                    |                    |                    |
| Convertible bonds  | –                  | –                  | 1                  |
| <b>Numerator for diluted earnings per share – net income applicable to common shareholders after assumed conversions</b> | <b>397</b>         | <b>167</b>         | <b>13,514</b>      |
| Number of shares   | 2002               | 2001               | 2000               |
| Denominator for basic earnings per share – weighted-average shares outstanding   | 615,867,917        | 619,809,559        | 614,303,797        |
| Effect of dilutive securities:   |                    |                    |                    |
| Options  | 4,350,557          | 800,535            | 842,839            |
| Convertible bonds  | 107,527            | 174,003            | 4,296,519          |
| Deferred shares  | 6,145,041          | 2,003,504          | 2,748,708          |
| Dilutive potential common shares   | 10,603,125         | 2,978,042          | 7,888,066          |
| <b>Denominator for diluted earnings per share – adjusted weighted-average shares after assumed conversions</b>           | <b>626,471,042</b> | <b>622,787,601</b> | <b>622,191,863</b> |
| in €   | 2002               | 2001               | 2000               |
| <b>Basic earnings per share</b>  |                    |                    |                    |
| Income before cumulative effect of accounting changes, net of tax  | 0.58               | 0.60               | 22.00              |
| Cumulative effect of accounting changes, net of tax  | 0.06               | (0.33)             | –                  |
| <b>Net income</b>  | <b>0.64</b>        | <b>0.27</b>        | <b>22.00</b>       |
| <b>Diluted earnings per share</b>  |                    |                    |                    |
| Income before cumulative effect of accounting changes, net of tax  | 0.57               | 0.60               | 21.72              |
| Cumulative effect of accounting changes, net of tax  | 0.06               | (0.33)             | –                  |
| <b>Net income</b>  | <b>0.63</b>        | <b>0.27</b>        | <b>21.72</b>       |

## [28] Business Segments and Related Information

From the beginning of 2002, the Group revised its management reporting systems to reflect changes in the methodologies employed for managing the Group's divisions and to reflect changes in management responsibility for certain businesses.

The methodologies for managing the Group's divisions were amended to bring them more closely in line with U.S. GAAP. The changes were primarily related to the accounting for share-based compensation, the accounting for equity method investments, the elimination of income earned on the Group's bonds and the presentation of minority interest as a noninterest expense item. In addition, the reporting format of the Group's management reporting systems were revised to reflect how management evaluated its businesses in 2002.

Prior periods have been restated to conform to the current year's presentation.

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. The Group serves its clients through the corporate divisions, Corporate Banking & Securities and Global Transaction Banking.

The **Private Clients and Asset Management Group Division** integrates, on a global basis, all of the Group's activities for retail and affluent clients, as well as its active and passive asset management activities for retail and institutional clients. Within this group division, the Group manages these activities in three global corporate divisions: Asset Management, Private Banking, and Personal Banking.

Within the **Corporate Investments Group Division**, the Group combines its principal investment activities. This unit manages the Group's principal private equity and venture capital investments and its real estate holding companies, as well as its industrial investments. The principal investments held by DB Investor are included in this group division. In addition, Corporate Investments covers strategic investments as well as activities that do not belong to the Group's core business.

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 Group's Corporate Center includes those functions that support cross-divisional management.

## Organizational Structure

During 2002, management responsibility changed for the following significant businesses:

- The Private Clients Services business was transferred from the Private Banking Corporate Division to the Corporate Banking & Securities Corporate Division.
- The Morgan Grenfell private equity business previously assigned to the Asset Management Corporate Division was transferred to the Corporate Investments Group Division.
- The real estate business managed by the subsidiary DB Real Estate Management GmbH (formerly Deutsche Grundbesitz Management GmbH) and the real estate investment funds business in Italy (brand name "Fondimmobiliari") were transferred from Corporate Investments Group Division to the Asset Management Corporate Division where they are managed under "DB Real Estate".
- All European e-brokerage activities under the brand name "maxblue" are consolidated under the Personal Banking Corporate Division. The Group therefore transferred all European "maxblue" activities previously reported under the Corporate Investments Group Division to the Personal Banking Corporate Division. The same transfer was made for all e-commerce activities in connection with the brand name "moneyshop/moneyshelf".

## Changes in Management Responsibility



**Impact of Acquisitions  
and Divestitures  
During 2002**

The effects of significant acquisitions and divestitures on segmental results of operations are described below:

- The disposal of most of the Group’s insurance subsidiaries affected both net revenues and noninterest expenses of the Personal Banking Corporate Division.
- A majority of the Scudder business is included in the Asset Management Corporate Division with a smaller part included in the Private Banking Corporate Division. The RREEF business is included entirely in the Asset Management Corporate Division.
- The merger of the Group’s mortgage bank subsidiary “EUROHYPO AG Europäische Hypothekenbank der Deutschen Bank” with the mortgage bank subsidiaries of Dresdner Bank AG and Commerzbank AG to the newly created “EUROHYPO AG” in the third quarter of 2002 led to the deconsolidation of the Group’s former subsidiary. In anticipation of the merger, the business of the Group’s mortgage bank was transferred from the Corporate Banking & Securities Corporate Division to the Corporate Investments Group Division as of the first quarter of 2002. After the merger, the Group’s share in the combined entity was 34.6%, with Commerzbank taking a 34.4% share and Dresdner Bank taking a 28.7% share (free-float 2.3%). In connection with the merger, in December 2002, part of the Group’s London-based real estate investment banking business was contributed to EUROHYPO AG. On December 31, 2002, the Group’s share of the combined entity was 34.6%.
- The Group sold its commercial finance business in North America to GE Commercial Finance in October 2002 and the Group sold its consumer finance business in North America to E\*TRADE Bank in December 2002.

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. Therefore, to create comparability with competitors which have legally independent units with their own equity funding, we allocate among our business segments the notional interest credit on our consolidated capital resulting from our method for allocating funding costs. This credit is allocated in proportion to each business segment's allocated equity, and is included in the segment's net interest revenues.

The general principle of the Group's book equity allocation framework is to allocate the total of the Group's average active equity to the segments in proportion to their share of economic risk positions using a multiplier for which the Group utilizes the term "Capital Allocation Factor (CAF)". Starting 2002, the Group's average active equity increased while the aggregated economic risk positions of the segments went down. As it is the Group's objective to maintain the risk sensitivity within the equity allocation framework, the Group decided to maintain a constant CAF multiplier for all of 2002 based on the relation between the Group's average active equity and the aggregated economic risk positions of the segments as of January 2002. Consequently, the reduction in the aggregated economic risk positions of the Group's segments during 2002 led to less allocated average active equity and the incentive for the Group's segments to further reduce risk positions was strengthened. The resulting unallocated amount of average active equity amounted to € 3.8 billion in 2002.

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 nonprofit 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).

## **General Information on the Group's Management's Reporting Systems**







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, 2002, 2001 and 2000 respectively:

| in € m.                                   | 2002          | 2001          | 2000          |
|---|---------------|---------------|---------------|
| Sales & Trading (debt and other products) | 5,423         | 5,814         | 4,449         |
| Sales & Trading (equity)                  | 2,791         | 4,111         | 5,152         |
| <b>Total Sales &amp; Trading</b>          | <b>8,214</b>  | <b>9,925</b>  | <b>9,601</b>  |
| Transaction services                      | 2,704         | 3,053         | 2,971         |
| Loan products                             | 2,393         | 2,975         | 3,623         |
| Origination (debt)                        | 388           | 441           | 286           |
| Origination (equity)                      | 354           | 492           | 937           |
| <b>Total Origination</b>                  | <b>742</b>    | <b>933</b>    | <b>1,223</b>  |
| Advisory                                  | 516           | 568           | 879           |
| Other                                     | (250)         | 20            | (221)         |
| <b>Total</b>                              | <b>14,319</b> | <b>17,474</b> | <b>18,076</b> |

### Corporate and Investment Bank

| in € m.                    | 2002         | 2001          | 2000          |
|----------------------------|--------------|---------------|---------------|
| Portfolio/funds management | 2,723        | 2,170         | 2,679         |
| Loan/deposit products      | 2,531        | 2,462         | 2,262         |
| Advisory                   | 1,235        | 1,374         | 1,612         |
| Insurance business         | 963          | 3,487         | 4,484         |
| Transaction fees           | 589          | 642           | 620           |
| Other                      | 931          | 258           | 343           |
| <b>Total</b>               | <b>8,972</b> | <b>10,393</b> | <b>12,000</b> |

### Private Clients and Asset Management

### Reconciliation of Segmental Results of Operations to Consolidated Results of Operations According to U.S. GAAP

The following tables provide a reconciliation of the total results of operations and total assets of the Group's business segments under management reporting systems to the consolidated financial statements prepared in accordance with U.S. GAAP for the years ended December 31, 2002, 2001 and 2000:

| in € m.                                       | 2002                       |               |                    | 2001                       |               |                    | 2000                       |               |                    |
|---|----------------------------|---------------|--------------------|----------------------------|---------------|--------------------|----------------------------|---------------|--------------------|
|   | Total Management Reporting | Adjustments   | Total Consolidated | Total Management Reporting | Adjustments   | Total Consolidated | Total Management Reporting | Adjustments   | Total Consolidated |
| Net revenues <sup>1</sup>                     | 26,377                     | 170           | 26,547             | 29,921                     | (380)         | 29,541             | 34,472                     | 7             | 34,479             |
| Provision for loan losses                     | 2,091                      | –             | 2,091              | 1,015                      | 9             | 1,024              | 477                        | 1             | 478                |
| Provision for off-balance sheet positions     | 19                         | (2)           | 17                 | (26)                       | (4)           | (30)               | (33)                       | –             | (33)               |
| Policyholder benefits and claims              | 685                        | 74            | 759                | 2,946                      | 56            | 3,002              | 3,912                      | 91            | 4,003              |
| Operating cost base <sup>2</sup>              | 18,929                     | 41            | 18,970             | 22,046                     | (19)          | 22,027             | 21,855                     | (35)          | 21,820             |
| <b>Income before nonoperating costs</b>       | <b>4,653</b>               | <b>57</b>     | <b>4,710</b>       | <b>3,940</b>               | <b>(422)</b>  | <b>3,518</b>       | <b>8,261</b>               | <b>(50)</b>   | <b>8,211</b>       |
| Nonoperating costs                            | 1,097                      | 64            | 1,161              | 1,631                      | 84            | 1,715              | 1,222                      | 120           | 1,342              |
| <b>Income before income taxes<sup>3</sup></b> | <b>3,556</b>               | <b>(7)</b>    | <b>3,549</b>       | <b>2,309</b>               | <b>(506)</b>  | <b>1,803</b>       | <b>7,039</b>               | <b>(170)</b>  | <b>6,869</b>       |
| <b>Total assets</b>                           | <b>748,335</b>             | <b>10,020</b> | <b>758,355</b>     | <b>896,476</b>             | <b>21,746</b> | <b>918,222</b>     | <b>883,950</b>             | <b>45,044</b> | <b>928,994</b>     |

<sup>1</sup> Net interest revenues and noninterest revenues.

<sup>2</sup> Noninterest expenses excluding nonoperating costs (goodwill amortization/impairment, severance payments, restructuring activities, minority interest), provision for off-balance sheet positions and policyholder benefits and claims.

<sup>3</sup> Before cumulative effect of accounting changes.

There are two primary categories of adjustments which the Group records to reconcile the total results according to management reporting to the consolidated 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.** For the years ended December 31, 2002, 2001 and 2000, adjustments included approximately € 0.1 billion, € (0.2) billion and € 0.3 billion, respectively, related to positions which are marked to market for management reporting purposes and accounted for on an accrual basis under U.S. GAAP. The year 2002 also included approximately € 0.2 billion for the elimination of trading losses on the Group's securities and approximately € (0.1) billion mainly due to losses from internally hedging share-based compensation plans. The year 2001 also included approximately € (0.3) billion due to losses from internally hedging share-based compensation plans and approximately € 0.1 billion for other corporate items outside the responsibility of the business segments. The year 2000 also included approximately € (0.2) billion for the elimination of gains on the Group's securities.

### Provision for loan losses and provision for off-balance sheet positions.

The adjustments reflected provisions for loan losses and provisions for off-balance sheet positions, none of which was individually material, that are not under the management responsibility of the business segments.

### Operating cost base, policyholder benefits and claims and nonoperating costs.

In 2002, adjustments were primarily attributable to expenses related to legal items not under the management responsibility of the business segments. In 2001, approximately € 0.1 billion was related to buyout costs for the Global Equity Plan that was offset by a positive adjustment of approximately € 0.1 billion related to internally hedging share-based compensation plans. The remaining adjustment of approximately € 0.1 billion primarily related to other corporate items not under the management responsibility of the business segments. Adjustments for the year ended December 31, 2000 were primarily attributable to expenses related to corporate items not under the management responsibility of the business segments.

**Total Assets.** The adjustments consisted of assets not allocated to the business segments (including deferred tax assets and premises and equipment) and to intersegment items between the group divisions.

The following table presents net revenues (including provision for loan losses) by geographical location:

| in € m.                                      | 2002          | 2001          | 2000          |
|--|---------------|---------------|---------------|
| Germany                                      | 10,676        | 12,788        | 14,295        |
| Europe (excluding Germany)                   | 6,228         | 7,429         | 9,739         |
| North America (primarily U.S.)               | 5,218         | 6,106         | 7,585         |
| South America                                | 175           | 211           | 181           |
| Asia-Pacific <sup>1</sup>                    | 2,159         | 1,983         | 2,201         |
| <b>Consolidated net revenues<sup>2</sup></b> | <b>24,456</b> | <b>28,517</b> | <b>34,001</b> |

<sup>1</sup> Includes revenues from Africa, which were not material in 2002, 2001 and 2000.

<sup>2</sup> 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 the Group's booking are located.

### Net Revenues (Including Provision for Loan Losses) by Geographical Location

## [29] 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 location 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.



| <b>2002</b>   | Total assets   | Total revenues <sup>1</sup> | Total expenses <sup>1</sup> | Income (loss) before taxes <sup>2</sup> | Net income (loss) |
|---|----------------|-----------------------------|-----------------------------|---|-------------------|
| in € m.   |                |                             |                             |   |                   |
| Europe (excluding Germany)  | 285,181        | 18,846                      | 18,724                      | 122                                     | 192               |
| North America (primarily U.S.)  | 205,375        | 13,352                      | 13,953                      | (601)                                   | (383)             |
| South America   | 1,051          | 963                         | 877                         | 86                                      | 52                |
| Asia-Pacific <sup>3</sup>   | 49,976         | 3,955                       | 3,356                       | 599                                     | 400               |
| <b>Total international</b>  | <b>541,583</b> | <b>37,116</b>               | <b>36,910</b>               | <b>206</b>                              | <b>261</b>        |
| <b>Domestic operations (Germany)</b>  | <b>216,772</b> | <b>18,026</b>               | <b>14,683</b>               | <b>3,343</b>                            | <b>136</b>        |
| <b>Total</b>  | <b>758,355</b> | <b>55,142</b>               | <b>51,593</b>               | <b>3,549</b>                            | <b>397</b>        |
| International as a percentage of total above  | 71%            | 67%                         | 72%                         | 6%                                      | 66%               |
| <sup>1</sup> Total revenues include interest revenues and noninterest revenues. Total expenses include interest expense, noninterest expenses and provision for loan losses.<br><sup>2</sup> Before cumulative effect of accounting changes.<br><sup>3</sup> Includes balance sheet and income statement data from Africa, which were not material in 2002. |                |                             |                             |   |                   |

| <b>2001</b>  | Total assets   | Total revenues <sup>1</sup> | Total expenses <sup>1</sup> | Income (loss) before taxes <sup>2</sup> | Net income (loss) |
|--|----------------|-----------------------------|-----------------------------|---|-------------------|
| in € m.  |                |                             |                             |   |                   |
| Europe (excluding Germany)   | 311,711        | 23,919                      | 22,918                      | 1,001                                   | 522               |
| North America (primarily U.S.)   | 237,456        | 21,794                      | 22,349                      | (555)                                   | (811)             |
| South America  | 2,433          | 816                         | 708                         | 108                                     | 41                |
| Asia-Pacific <sup>3</sup>  | 58,487         | 4,875                       | 4,723                       | 152                                     | 7                 |
| <b>Total international</b>   | <b>610,087</b> | <b>51,404</b>               | <b>50,698</b>               | <b>706</b>                              | <b>(241)</b>      |
| <b>Domestic operations (Germany)</b>   | <b>308,135</b> | <b>23,156</b>               | <b>22,059</b>               | <b>1,097</b>                            | <b>408</b>        |
| <b>Total</b>   | <b>918,222</b> | <b>74,560</b>               | <b>72,757</b>               | <b>1,803</b>                            | <b>167</b>        |
| International as a percentage of total above   | 66%            | 69%                         | 70%                         | 39%                                     | N/M               |
| <sup>1</sup> Total revenues include interest revenues and noninterest revenues. Total expenses include interest expense, noninterest expense and provision for loan losses.<br><sup>2</sup> Before cumulative effect of accounting changes.<br><sup>3</sup> Includes balance sheet and income statement data from Africa, which were not material in 2001.<br>N/M – Not meaningful |                |                             |                             |   |                   |

| <b>2000</b>   | Total assets   | Total revenues <sup>1</sup> | Total expenses <sup>1</sup> | Income before taxes | Net income    |
|---|----------------|-----------------------------|-----------------------------|---------------------|---------------|
| in € m.   |                |                             |                             |                     |               |
| 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 <sup>2</sup>   | 69,865         | 5,470                       | 5,128                       | 342                 | 203           |
| <b>Total international</b>  | <b>647,264</b> | <b>57,354</b>               | <b>52,840</b>               | <b>4,514</b>        | <b>3,139</b>  |
| <b>Domestic operations (Germany)</b>  | <b>281,730</b> | <b>25,228</b>               | <b>22,873</b>               | <b>2,355</b>        | <b>10,374</b> |
| <b>Total</b>  | <b>928,994</b> | <b>82,582</b>               | <b>75,713</b>               | <b>6,869</b>        | <b>13,513</b> |
| International as a percentage of total above  | 70%            | 69%                         | 70%                         | 66%                 | 23%           |
| <sup>1</sup> Total revenues include interest revenues and noninterest revenues. Total expenses include interest expense, noninterest expenses and provision for loan losses.<br><sup>2</sup> Includes balance sheet and income statement data from Africa, which were not material in 2000. |                |                             |                             |                     |               |

### **[30] 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 nontrading 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 nontrading 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).

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 nontrading 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 nontrading 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 years ended December 31, 2002 and 2001, net hedge ineffectiveness from fair value hedges, which is based on changes in fair value resulting from changes in the market price or rate related to the risk being hedged, and amounts excluded from the assessment of hedge effectiveness resulted in a loss of € 81 million and a gain of € 34 million, respectively. As of December 31, 2002, the longest term cash flow hedge outstanding matures in 2029.

Derivatives entered into for nontrading 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

#### **Derivatives Held or Issued for Trading Purposes**

#### **Derivatives Held or Issued for Nontrading Purposes**

### Derivative Financial Instruments Indexed to Our Own Stock

available for sale, which the Group has entered into for strategic and economic purposes despite the fact that hedge accounting is precluded.

Net losses of € 226 million and € 27 million from nontrading equity derivatives used to offset fluctuations in employee share-based compensation expense were included in compensation and benefits for the years ended December 31, 2002 and 2001, respectively.

Prior to January 1, 2001, most of the derivatives entered into for nontrading 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.

The Group enters into contracts indexed to Deutsche Bank common shares as part of a share buy-back program, to acquire shares to satisfy employee stock compensation awards, and for trading purposes.

Related to the share buy-back program, at December 31, 2002, the Group had outstanding agreements to purchase, on a forward basis, approximately 4 million Deutsche Bank shares at a weighted-average strike price of € 65.45 per share. The agreements mature between three months and one year and must be physically settled. The cash redemption amounts of these forwards, which totaled € 278 million, are reported as obligation to purchase common shares and resulted in a reduction of shareholders' equity with an equal amount reported under liabilities.

Related to employee share compensation awards, at December 31, 2002, the Group had outstanding agreements to purchase, on a forward basis, approximately 26 million Deutsche Bank shares at a weighted-average strike price of € 72.35 per share. The agreements expire or are exercisable at the vesting dates of the related share awards and mature in less than five years. These agreements may, at the Group's discretion, be settled physically, on a net basis in Deutsche Bank shares, or using a combination of both methods. Consequently these contracts are accounted for as permanent equity.

Based on the closing price of Deutsche Bank common shares of € 43.90 per share at December 31, 2002, the Group would have delivered approximately 43 million Deutsche Bank shares if the Group had chosen to net share settle these contracts at December 31, 2002. If the share price had been € 1 lower, the Group would have delivered an additional 1 million shares if the Group had chosen to net share settle these contracts.

At December 31, 2002, the Group had outstanding call options to purchase approximately 17 million shares at a weighted-average strike price of € 69.00 per share related to employee share compensation awards. The options must be net-cash settled. The contracts mature in less than five years.

Related to trading activities, the following derivative contracts that are indexed to Deutsche Bank's own stock are outstanding at December 31, 2002:

| Type of Contract  | Settlement Alternative               | Maturity            | Number of issuers shares to which contracts are indexed | Weighted-average strike price (in €) | Effect of decrease of share price by € 1 (€ in thousands) | Fair Value of Contract (€ in thousands) |
|-------------------|--------------------------------------|---------------------|---|--------------------------------------|---|---|
| Purchased Options | Net-cash                             | Up to 3 months      | 359,400   | 69.90                                | 30  | 704                                     |
|                   |                                      | > 3 months – 1 year | 1,149,900   | 78.67                                | (9)   | 1,916                                   |
|                   |                                      | > 1 year – 5 years  | 1,203,100   | 83.60                                | (456)   | 10,157                                  |
| Sold Options      | Net-cash                             | Up to 3 months      | 35,800  | 40.56                                | (7)   | 82                                      |
|                   |                                      | > 3 months – 1 year | 433,700   | 42.09                                | (69)  | 2,140                                   |
|                   |                                      | > 1 year – 5 years  | 384,000   | 64.31                                | 288   | 1,563                                   |
| Forward Purchases | Deutsche Bank choice                 | > 3 months – 1 year | 13,500,000  | 75.22                                | (13,500)  | 443,748                                 |
|                   |                                      | > 1 year – 5 years  | 10,000,000  | 69.00                                | (10,000)  | 266,198                                 |
|                   | Net-cash/<br>physical <sup>1,2</sup> | Up to 3 months      | 13,546  | 42.90                                | (14)  | 94                                      |
|                   |                                      | > 3 months – 1 year | 467,735   | 43.90                                | (468)   | 2,254                                   |
|                   |                                      | > 5 years           | 3,450   | 50.10                                | (3)   | 21                                      |
|                   |                                      |                     |   |                                      |   |   |
| Forward Sales     | Counterparty choice                  | > 3 month – 1 year  | 3,199,067   | 96.86                                | 3,199   | 179,151                                 |
|                   |                                      | > 1 year – 5 years  | 22,781,614  | 69.00                                | 22,782  | 669,419                                 |
|                   | Net-cash/<br>physical <sup>1</sup>   | Up to 3 months      | 8,236,744   | 44.73                                | 8,237   | 57,869                                  |
|                   |                                      | > 3 months – 1 year | 1,151,086   | 44.02                                | 1,151   | 26                                      |
|                   |                                      | > 1 year – 5 years  | 22,600  | 47.96                                | 23  | 94                                      |
|                   |                                      |                     |   |                                      |   |   |

<sup>1</sup> Fair values do not differ significantly relating to settlement alternatives.

<sup>2</sup> The forward purchases are subject to collateral requirements.

The above contracts related to trading activities are accounted for as trading assets and liabilities and are thus carried at fair value with changes in fair value recording in earnings.

### Financial Instruments with Off-Balance Sheet Credit Risk

The Group utilizes various lending-related commitments in order to meet the financing needs of its customers. The contractual amount of these commitments 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. The table below summarizes our lending-related commitments:

| in € m.                       | Dec 31, 2002 | Dec 31, 2001 |
|-------------------------------|--------------|--------------|
| Commitments to extend credit  |              |              |
| Fixed rates <sup>1</sup>      | 21,724       | 26,390       |
| Variable rates <sup>2</sup>   | 81,802       | 97,570       |
| Commitments to purchase loans | 814          | 1,265        |
| Commitments to sell loans     | 1,011        | 2,999        |

<sup>1</sup> Includes commitments to extend commercial letters of credit and guarantees of € 2.2 billion and € 3.2 billion at December 31, 2002 and 2001, respectively.

<sup>2</sup> Includes commitments to extend commercial letters of credit and guarantees of € 1.3 billion and € 38 million at December 31, 2002 and 2001, respectively.

In addition, as of December 31, 2002, commitments to enter into reverse repurchase and repurchase agreements totaled € 1.4 billion and € 311 million, respectively. Commitments to enter into reverse repurchase and repurchase agreements amounted to € 3.9 billion and € 7.1 billion, respectively, as of December 31, 2001.

As of December 31, 2002 and 2001 the Group had commitments to contribute capital to equity method and other investments totaling € 829 million and € 583 million, respectively.

The Group also enters regularly into various guarantee and indemnification agreements in the normal course of business. Probable losses under financial guarantees are provided for as part of the allowance for credit losses on lending-related commitments as shown in Note [8]. The principal guarantees and indemnifications that the Group enters into are the following:

Financial guarantees, standby letters of credit and performance guarantees, with a carrying amount of € 610 million and with maximum potential payments of € 32.6 billion as of December 31, 2002, generally require the Group to pay in the event of default of debt obligations or when the guaranteed party fails to meet its obligations. Most of these guarantees mature within one year and the maximum term is 48 years. These guarantees are collateralized with cash, securities and other collateral of € 5.4 billion as of December 31, 2002.

Market value guarantees with a carrying amount of € 9 million as of December 31, 2002, consist of agreements to pay customers if the price of fixed-term mutual fund units purchased fall below a certain amount. The maximum amount of potential payments as of December 31, 2002 was € 13.5 billion and represents the total volume guaranteed of the respective funds. These guarantees have revolving terms and generally are not collateralized.

Upon exercise, written put options effectively require the Group to pay for a decline in market value related to the counterparty's underlying asset or liability. The carrying amount and maximum potential payments of written puts as of December 31, 2002 was € 10.4 billion and € 64.5 billion, respectively. Nearly all of the puts mature within 10 years with a significant portion maturing within four years and the maximum term being 35 years. Additionally, credit derivatives requiring payment by the Group in the event of default of debt obligations have a carrying and maximum potential payment amount of € 706 million and € 18.0

billion, respectively, with terms up to 9 years and primarily less than 5 years. These contracts are typically uncollateralized.

Securities lending indemnifications require the Group to indemnify customers for the replacement costs or market value of securities loaned to third parties in the event the third parties fail to return the securities. These indemnifications had a maximum potential payment amount of € 46.1 billion and € 42.2 billion, at December 31, 2002 and 2001, respectively, with contract terms up to 6 months. The Group primarily receives cash as collateral in excess of the contract amounts. This collateral totaled € 46.6 billion and € 44.0 billion at December 31, 2002 and 2001, respectively.

### **[31] Concentrations of Credit Risk**

The Group distinguishes its credit exposures among 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, as defined for this purpose, include bonds, other fixed-income products and traded loans.

Over-the-counter derivatives are the Group's credit exposures arising from over-the-counter, or OTC, derivative transactions. Credit exposure in OTC derivatives is measured by the cost to replace the contract if the counterparty defaults on its obligation. 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.

Contingent liabilities include liabilities from guarantees (excluding market value guarantees) and indemnity agreements. They exclude letters of credit, other obligations such as irrevocable loan commitments and placement and underwriting commitments. The Group also excludes other quantifiable indemnities and commitments, which predominantly relate to securities lending on behalf of customers.

The following tables represent an overview of the Group's total credit exposure (other than credit exposure arising from repurchase and reverse repurchase agreements, securities lending and borrowing, interest-earning deposits with banks and irrevocable loan commitments) according to the industrial sectors and the geographical regions 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.

| Credit Risk Profile by Industry Sector | Loans               |                           | Tradable Assets |                | OTC Derivatives |               | Contingent Liabilities |               | Total          |                |
|--|---------------------|---------------------------|-----------------|----------------|-----------------|---------------|------------------------|---------------|----------------|----------------|
|  | Dec 31, 2002        | Dec 31, 2001 <sup>2</sup> | Dec 31, 2002    | Dec 31, 2001   | Dec 31, 2002    | Dec 31, 2001  | Dec 31, 2002           | Dec 31, 2001  | Dec 31, 2002   | Dec 31, 2001   |
| in € m.                                |                     |                           |                 |                |                 |               |                        |               |                |                |
| Banks and insurance                    | 10,720              | 19,909                    | 47,686          | 62,512         | 44,970          | 44,377        | 5,892                  | 8,091         | 109,268        | 134,889        |
| Manufacturing                          | 22,545              | 32,102                    | 17,142          | 13,917         | 2,389           | 4,903         | 9,598                  | 12,705        | 51,674         | 63,627         |
| Households                             | 53,207              | 63,168                    | –               | –              | 281             | 318           | 392                    | 477           | 53,880         | 63,963         |
| Public sector                          | 4,584               | 23,658                    | 95,356          | 91,578         | 1,792           | 1,576         | 232                    | 240           | 101,964        | 117,052        |
| Wholesale and retail trade             | 14,467              | 15,759                    | 2,583           | 2,503          | 688             | 671           | 1,989                  | 2,906         | 19,727         | 21,839         |
| Commercial real estate activities      | 18,360              | 35,617                    | 2,657           | 3,138          | 688             | 230           | 978                    | 983           | 22,683         | 39,968         |
| Other                                  | 47,737 <sup>1</sup> | 75,210 <sup>1</sup>       | 31,157          | 28,524         | 9,487           | 4,888         | 10,623                 | 11,254        | 99,004         | 119,876        |
| <b>Total</b>                           | <b>171,620</b>      | <b>265,423</b>            | <b>196,581</b>  | <b>202,172</b> | <b>60,295</b>   | <b>56,963</b> | <b>29,704</b>          | <b>36,656</b> | <b>458,200</b> | <b>561,214</b> |

<sup>1</sup> Includes lease financing and a deduction for unearned income.

<sup>2</sup> For 2001 certain loan exposures were reclassified from banks and insurance to other (€ 6.5 billion) and from commercial real estate activities to households (€ 2.8 billion).

In the following table, exposures have been allocated to regions based on the domicile of the Group's counterparties, irrespective of any affiliations the counterparties may have with corporate groups domiciled elsewhere.

| Credit Risk Profile by Region | Loans          |                | Tradable Assets |                | OTC Derivatives |               | Contingent Liabilities |               | Total          |                |
|-------------------------------|----------------|----------------|-----------------|----------------|-----------------|---------------|------------------------|---------------|----------------|----------------|
|                               | Dec 31, 2002   | Dec 31, 2001   | Dec 31, 2002    | Dec 31, 2001   | Dec 31, 2002    | Dec 31, 2001  | Dec 31, 2002           | Dec 31, 2001  | Dec 31, 2002   | Dec 31, 2001   |
| in € m.                       |                |                |                 |                |                 |               |                        |               |                |                |
| Eastern Europe                | 1,679          | 2,334          | 4,186           | 1,659          | 678             | 762           | 483                    | 573           | 7,026          | 5,328          |
| Western Europe                | 133,732        | 205,981        | 76,971          | 93,233         | 35,094          | 30,956        | 21,089                 | 26,065        | 266,886        | 356,235        |
| Africa                        | 618            | 324            | 951             | 993            | 451             | 669           | 23                     | 266           | 2,043          | 2,252          |
| Asia-Pacific                  | 8,517          | 13,035         | 30,493          | 29,315         | 4,515           | 6,143         | 2,403                  | 3,077         | 45,928         | 51,570         |
| North America                 | 24,643         | 39,817         | 78,464          | 70,967         | 17,698          | 17,236        | 5,450                  | 6,150         | 126,255        | 134,170        |
| Central and South America     | 2,373          | 3,884          | 2,984           | 4,177          | 597             | 1,080         | 249                    | 516           | 6,203          | 9,657          |
| Other <sup>1</sup>            | 58             | 48             | 2,532           | 1,828          | 1,262           | 117           | 7                      | 9             | 3,859          | 2,002          |
| <b>Total</b>                  | <b>171,620</b> | <b>265,423</b> | <b>196,581</b>  | <b>202,172</b> | <b>60,295</b>   | <b>56,963</b> | <b>29,704</b>          | <b>36,656</b> | <b>458,200</b> | <b>561,214</b> |

<sup>1</sup> Includes supra-national organizations and other exposures that have not been allocated to a single region.

### [32] 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). Accord-

ingly, 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   |              |
|--|-----------------|--------------|--------------|--------------|
|  | Dec 31, 2002    | Dec 31, 2001 | Dec 31, 2002 | Dec 31, 2001 |
| <b>Financial assets</b>  |                 |              |              |              |
| Cash and due from banks  | 8,979           | 10,388       | 8,979        | 10,388       |
| Interest-earning deposits with banks   | 25,691          | 37,986       | 25,715       | 38,086       |
| Central bank funds sold and securities purchased under resale agreements and securities borrowed   | 155,258         | 144,003      | 155,302      | 144,007      |
| Trading assets <sup>1</sup>  | 297,062         | 293,653      | 297,077      | 293,653      |
| Securities available for sale  | 21,619          | 71,666       | 21,619       | 71,666       |
| Other investments  | 4,504           | 6,221        | 4,504        | 6,225        |
| Loans (excluding leases), net  | 163,002         | 256,194      | 165,486      | 259,235      |
| Other financial assets   | 46,818          | 62,275       | 46,813       | 62,275       |
| <b>Financial liabilities</b>   |                 |              |              |              |
| Noninterest-bearing deposits   | 30,558          | 29,731       | 30,558       | 29,731       |
| Interest-bearing deposits  | 297,067         | 344,358      | 296,936      | 344,357      |
| Trading liabilities  | 131,212         | 121,329      | 131,212      | 121,329      |
| Central bank funds purchased and securities sold under repurchase agreements and securities loaned | 99,499          | 88,995       | 99,515       | 88,988       |
| Other short-term borrowings  | 11,573          | 20,472       | 11,581       | 20,423       |
| Other financial liabilities  | 46,718          | 68,950       | 46,693       | 68,950       |
| Long-term debt <sup>2</sup>  | 107,158         | 170,984      | 108,414      | 172,138      |
| Other positions  |                 |              |              |              |
| Contingent liabilities   | 33,976          | 39,171       | 33,976       | 39,171       |
| Commitments to extend credit <sup>3</sup>  | 103,526         | 123,960      | 103,429      | 123,925      |

<sup>1</sup> Includes loans held for sale.  
<sup>2</sup> Includes trust preferred securities.  
<sup>3</sup> Includes commitments to extend guarantees and letters of credit.

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:

## Methods and Assumptions

| Assets   | Liabilities  |
|--|--|
| Cash and due from banks  | Interest-bearing deposits  |
| Central bank funds sold and securities purchased under resale agreements and securities borrowed | Central bank funds purchased and securities sold under repurchase agreements and securities loaned |
| Interest-earning deposits with banks   | Other short-term borrowings  |
| Other financial assets   | 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 (including derivatives and excluding loans held for sale), trading liabilities and securities available for sale are carried at their fair values.

Loans held for sale are accounted for at the lower of cost or market.

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, the specific loss component of the allowance for loan losses, including recoverable amounts of collateral, was 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 included 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 acceptances.

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.

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### [33] 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 will have a material adverse effect on the Group's financial condition or results of operations.

On December 20, 2002, the U.S. Securities and Exchange Commission, the National Association of Securities Dealers, the New York Stock Exchange, the New York Attorney General, and the North American Securities Administrators Association (on behalf of state securities regulators) announced an agreement in principle with ten investment banks to resolve investigations relating to research analyst independence. Deutsche Bank Securities Inc. ("DBSI"), the U.S. SEC-registered broker-dealer subsidiary of Deutsche Bank, was one of the ten investment banks. Pursuant to the agreement in principle, and subject to finalization and approval of the settlement by DBSI, the Securities and Exchange Commission and state regulatory authorities, DBSI agrees, among other things (i) to pay € 48 million, of which € 24 million is a civil penalty and € 24 million is for restitution for investors, (ii) to adopt internal structural and operational reforms that will further augment the steps it has already taken to ensure research analyst independence and promote investor confidence, (iii) to contribute € 24 million

spread over five years to provide third-party research to clients, (iv) to contribute € 5 million towards investor education, and (v) to adopt restrictions on the allocation of shares in initial public offerings to corporate executives and directors.

### [34] 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 Group is evaluating the future plans for the buildings located at 130 Liberty Street and 4 Albany Street, both of which were severely damaged due to the destruction of the World Trade Center. The leased property and all leasehold improvements at 4 World Trade Center were destroyed. Employees have re-occupied the premises at 14–16 Wall Street.

Costs incurred by the Group as a result of the terrorist attacks include, but are not limited to, write-offs of fixed assets, expenses incurred to replace fixed assets that were damaged and relocation expenses. The Group also continues to evaluate the costs that it may incur in the future to resolve the damage to its buildings adjacent to the World Trade Center site. The Group has and will continue to make claims for its costs related to the terrorist attacks, including those related to business interruption, through its insurance policies. These policies have coverage limits of U.S.\$ 1.7 billion in total damages and a U.S.\$ 750 million sub-limit for business interruption, service interruption and extra expenses. As of December 31, 2002, the Group has received advance payments on its insurance recoveries of approximately U.S.\$ 232 million, which were applied against previously established receivables, and a commitment for additional advance payments of U.S.\$ 50 million.

The Group believes that it will recover substantially all of its 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. For the years ended December 31, 2002 and 2001, no losses have been recorded by the Group.

### [35] EU Compliance Disclosure

As a condition for the exemption under § 292a HGB, group accounts following U.S. GAAP must be prepared in conformity with the disclosure requirements of the European Union. The Consolidated Financial Statements of Deutsche Bank are in accordance with the Directives 83/349/EWG and 86/635/EWG with regard to the following information:

| in € m.   | Dec 31, 2002 | Dec 31, 2001 |
|---|--------------|--------------|
| Treasury bills and similar securities                   | 7,653        | 4,443        |
| Other bills eligible for refinancing with central banks | 90           | 116          |
| <b>Total</b>  | <b>7,743</b> | <b>4,559</b> |

**Treasury bills and other bills eligible for refinancing with central banks**

### Loans and advances to credit institutions and customers

| in € m.  | Dec 31, 2002   | Dec 31, 2001   |
|--|----------------|----------------|
| <b>Loans and advances to credit institutions</b> | <b>126,252</b> | <b>154,495</b> |
| Repayable on demand                              | 65,943         | 81,401         |
| Remaining maturity of                            |                |                |
| up to three months                               | 46,544         | 44,206         |
| more than three months and up to one year        | 8,983          | 12,328         |
| more than one year and up to five years          | 3,717          | 15,535         |
| more than five years                             | 1,065          | 1,025          |
| <b>Loans and advances to customers</b>           | <b>261,165</b> | <b>338,727</b> |
| Remaining maturity of                            |                |                |
| up to three months                               | 148,349        | 159,789        |
| more than three months and up to one year        | 22,126         | 26,147         |
| more than one year and up to five years          | 39,277         | 71,253         |
| more than five years                             | 51,413         | 81,538         |

### Debt securities including fixed-income securities

| in € m.                         | Dec 31, 2002   | Dec 31, 2001   |
|---------------------------------|----------------|----------------|
| Issued by public-sector issuers | 88,742         | 86,639         |
| Issued by other issuers         | 91,981         | 95,641         |
| <b>Total</b>                    | <b>180,723</b> | <b>182,280</b> |

### Structure and development of other investments

| in € m.                                       | Equity method investments | Other equity investments | Total  |
|---|---------------------------|--------------------------|--------|
| Acquisition cost                              |                           |                          |        |
| as at Jan 1, 2002                             | 5,520                     | 6,653                    | 12,173 |
| impairment                                    | 305                       | 490                      | 795    |
| change in the group of consolidated companies | 1,368                     | (285)                    | 1,083  |
| effects of exchange rate changes              | (170)                     | (538)                    | (708)  |
| additions                                     | 3,197                     | 2,362                    | 5,559  |
| transfers                                     | (659)                     | 659                      | –      |
| disposals                                     | 2,731                     | 3,632                    | 6,363  |
| as at Dec 31, 2002                            | 6,220                     | 4,729                    | 10,949 |
| Amortization                                  |                           |                          |        |
| as at Jan 1, 2002                             | 176                       | –                        | 176    |
| change in the group of consolidated companies | –                         | –                        | –      |
| effects of exchange rate changes              | 2                         | –                        | 2      |
| additions                                     | 3                         | –                        | 3      |
| transfers                                     | –                         | –                        | –      |
| disposals                                     | –                         | –                        | –      |
| as at Dec 31, 2002                            | 181                       | –                        | 181    |
| Book values                                   |                           |                          |        |
| as at Dec 31, 2002                            | 6,039                     | 4,729                    | 10,768 |

Shares in banks valued at equity amounted to € 2,227 million (2001: € 401 million). Other equity investments included participating interests in the amount of € 614 million (2001: € 471 million), of which € 69 million (2001: € 28 million) related to investments in banks.

The list of shareholdings is deposited with the Commercial Register in Frankfurt am Main, but can also be ordered free of charge.

The total amount of loans and advances to equity interests and investments valued at equity was € 5,538 million (2001: € 1,874 million).

The total amount of liabilities to equity interests and investments valued at equity was € 2,778 million (2001: € 2,953 million).

**Loans and advances and liabilities to equity interests and investments valued at equity**

Land and buildings with a book value totalling € 3,819 million (2001: € 4,072 million) were used within the scope of our own activities.

**Intangible assets and premises and equipment**

| in € m.                                       | Goodwill | Other intangible assets | Premises and equipment | Total   |
|---|----------|-------------------------|------------------------|---------|
| <b>Cost of acquisition/manufacture</b>        |          |                         |                        |         |
| as at Jan 1, 2002                             | 12,241   | 238                     | 15,205                 | 27,684  |
| impairment                                    | 62       | –                       | 22                     | 84      |
| change in the group of consolidated companies | 509      | 1,253                   | (867)                  | 895     |
| effects of exchange rate changes              | (1,611)  | (23)                    | (674)                  | (2,308) |
| additions                                     | –        | 11                      | 1,696                  | 1,707   |
| transfers                                     | –        | 33                      | –                      | 33      |
| disposals                                     | –        | 45                      | 1,589                  | 1,634   |
| as at Dec 31, 2002                            | 11,077   | 1,467                   | 13,749                 | 26,293  |
| <b>Amortization/Depreciation</b>              |          |                         |                        |         |
| as at Jan 1, 2002                             | 3,500    | 32                      | 5,399                  | 8,931   |
| change in the group of consolidated companies | (465)    | –                       | (566)                  | (1,031) |
| effects of exchange rate changes              | (330)    | (3)                     | (130)                  | (463)   |
| additions                                     | –        | 26                      | 1,132                  | 1,158   |
| transfers                                     | –        | 4                       | –                      | 4       |
| disposals                                     | –        | 3                       | 969                    | 972     |
| as at Dec 31, 2002                            | 2,705    | 56                      | 4,866                  | 7,627   |
| <b>Book value</b>                             |          |                         |                        |         |
| as at Dec 31, 2002                            | 8,372    | 1,411                   | 8,883                  | 18,666  |

The total amount of subordinated assets was € 2,523 million (2001: € 784 million).

**Subordinated assets**

### Liabilities to credit institutions and customers

| in € m.   | Dec 31, 2002   | Dec 31, 2001   |
|---|----------------|----------------|
| <b>Amounts owed to credit institutions</b>      | <b>241,140</b> | <b>254,529</b> |
| Repayable on demand                             | 153,086        | 148,490        |
| With agreed maturity dates or periods of notice |                |                |
| up to three months                              | 57,377         | 66,180         |
| more than three months and up to one year       | 14,003         | 19,847         |
| more than one year and up to five years         | 8,974          | 12,849         |
| more than five years                            | 7,700          | 7,163          |
| <b>Savings deposits</b>                         | <b>28,386</b>  | <b>33,048</b>  |
| With agreed periods of notice                   |                |                |
| up to three months                              | 16,550         | 19,692         |
| more than three months and up to one year       | 9,256          | 10,938         |
| more than one year and up to five years         | 2,557          | 2,396          |
| more than five years                            | 23             | 22             |
| <b>Other liabilities to customers</b>           | <b>258,081</b> | <b>292,613</b> |
| Repayable on demand                             | 118,973        | 120,244        |
| With agreed maturity dates or periods of notice |                |                |
| up to three months                              | 105,345        | 130,793        |
| more than three months and up to one year       | 15,147         | 24,052         |
| more than one year and up to five years         | 10,684         | 8,628          |
| more than five years                            | 7,932          | 8,896          |
| <b>Debt securities in issue</b>                 | <b>87,093</b>  | <b>88,297</b>  |
| <b>Other liabilities evidenced by paper</b>     | <b>9,755</b>   | <b>76,212</b>  |
| Remaining maturity of                           |                |                |
| up to three months                              | 5,113          | 17,776         |
| more than three months and up to one year       | 4,642          | 10,562         |
| more than one year and up to five years         | –              | 28,907         |
| more than five years                            | –              | 18,967         |

### Provisions

| in € m.   | Dec 31, 2002  | Dec 31, 2001  |
|---|---------------|---------------|
| Provisions for pensions and similar obligations | 995           | 4,952         |
| Provisions for taxes                            | 5,080         | 5,412         |
| Provisions in insurance business                | 8,352         | 33,560        |
| Other provisions                                | 6,717         | 6,992         |
| <b>Total</b>                                    | <b>21,144</b> | <b>50,916</b> |

The following table shows the important subordinated liabilities:

| Amount               | Issuer/Type   | Interest rate | Maturity     |
|----------------------|---|---------------|--------------|
| DM 2,000,000,000     | Deutsche Bank AG, bearer bond of 1993                                   | 7.50 %        | Feb 10, 2003 |
| EUR 750,000,000      | Deutsche Bank Finance N.V., Curaçao, callable note of 2002              | 5.38 %        | Mar 27, 2012 |
| U.S.\$ 500,000,000   | Deutsche Bank Finance N.V., Curaçao, callable note of 2002              | var. 1.90 %   | Mar 27, 2012 |
| U.S.\$ 1,100,000,000 | Deutsche Bank Financial Inc., Dover/U.S.A., "Yankee Bond" of 1996       | 6.70 %        | Dec 13, 2006 |
| U.S.\$ 550,000,000   | Deutsche Bank Financial Inc., Dover/U.S.A., Medium-Term-Note of 2000    | 7.50 %        | Apr 25, 2009 |
| U.S.\$ 300,000,000   | BT Institutional Capital Trust A, Wilmington/U.S.A., Floating Rate Note | 8.09 %        | Dec 1, 2026  |

## Subordinated liabilities

For the above subordinated liabilities there is no premature redemption obligation on the part of the issuers. In the case of liquidation or insolvency, the claims and interest claims resulting from these liabilities are subordinate to those claims of all creditors of the issuers that are not also subordinated. These conditions also apply to the subordinated borrowings not specified individually.

The table shows the effects of exchange rate changes on the balance sheet:

| in € m.  | Dec 31, 2002 | Dec 31, 2001 |
|--|--------------|--------------|
| Foreign currency assets  | 417,400      | 579,400      |
| thereof U.S.\$   | 231,900      | 343,800      |
| Foreign currency liabilities (excluding capital and reserves)                      | 392,700      | 566,800      |
| thereof U.S.\$   | 221,500      | 343,400      |
| Change in total assets owing to parity changes for foreign currencies <sup>1</sup> | - 52,900     | + 16,200     |
| thereof due to U.S.\$  | - 36,900     | + 13,900     |
| <sup>1</sup> Based on the asset side.  |              |              |

## Foreign currency

Trust assets:

| in € m.                              | Dec 31, 2002 | Dec 31, 2001 |
|--------------------------------------|--------------|--------------|
| Interest-earning deposits with banks | 1,660        | 1,391        |
| Securities available for sale        | 25           | 162          |
| Loans                                | 2,690        | 3,180        |
| Others                               | 936          | 971          |
| <b>Total</b>                         | <b>5,311</b> | <b>5,704</b> |

## Trust activities

## Trust liabilities:

| in € m.               | Dec 31, 2002 | Dec 31, 2001 |
|-----------------------|--------------|--------------|
| Deposits              | 1,569        | 2,336        |
| Short-term borrowings | 340          | 394          |
| Long-term debt        | 2,441        | 1,989        |
| Others                | 961          | 985          |
| <b>Total</b>          | <b>5,311</b> | <b>5,704</b> |

**Interest income from investment securities**

Interest income from investment securities include interest income from debt securities available for sale in the amount of € 1,257 million (2001: € 2,682 million).

**Dividend income from securities available for sale and other investments**

Dividend income from equity securities available for sale and other investments amounted to € 385 million (2001: € 1,029 million). Included in this figure are dividend income on equity securities available for sale in the amount of € 264 million (2001: € 694 million).

**Commission income**

Commissions receivable amounted to € 15,348 million (2001: € 13,198 million) and commissions payable to € 4,514 million (2001: € 2,471 million), especially in securities business and for asset management.

The following administration and agency services were provided for third parties: custodian, asset management, administration of trust assets, referral of mortgages, insurance policies and property finance agreements, as well as mergers & acquisitions.

**Staff costs**

| in € m.                             | Dec 31, 2002  | Dec 31, 2001  |
|-------------------------------------|---------------|---------------|
| Wages and salaries                  | 9,265         | 11,420        |
| Social security costs               | 2,093         | 1,940         |
| thereof: those relating to pensions | 805           | 662           |
| <b>Total</b>                        | <b>11,358</b> | <b>13,360</b> |

**Other operating income and expenses**

Other income from ordinary activities consisted above all of net income from real estate, net income from investment companies as well as income from derivatives used as hedges.

Other current expenses from ordinary activities consisted, among other things, of additions to provisions not relating to lending or securities business, expenses for residential property maintenance of Deutsche Wohnen AG, Eschborn, and other taxes.

| in € m.                                    | Dec 31, 2002 | Dec 31, 2001 |
|--|--------------|--------------|
| Result from securities available for sale  | 3,523        | 1,516        |
| Result from other investments <sup>1</sup> | 812          | (769)        |
| <b>Total</b>                               | <b>4,335</b> | <b>747</b>   |

<sup>1</sup> Excluding investments valued at equity and investments held by designated investment companies.

## Result from financial investments

There are no extraordinary items to be reported for 2002 and 2001.

## Extraordinary items

In 2002, the total compensation of the Board of Managing Directors was € 27,205,945 (2001: € 56,486,896), thereof € 22,449,960 (2001: € 49,880,825) for variable components. Former members of the Board of Managing Directors of Deutsche Bank AG or their surviving dependents received € 31,964,054 (2001: € 23,676,164). In addition to a fixed payment of € 174,580 (2001: € 172,550), the Supervisory Board received dividend-related emoluments totalling € 1,752,156 (2001: € 1,725,863).

## Board of Managing Directors and Supervisory Board

Provisions for pension obligations to former members of the Board of Managing Directors and their surviving dependents totalled € 181,757,309 (2001: € 186,596,646).

At the end of 2002, loans and advances granted and contingent liabilities assumed for members of the Board of Managing Directors amounted to € 259,000 (2001: € 4,778,427) and for members of the Supervisory Board of Deutsche Bank AG to € 539,400 (2001: € 1,141,183).

The average number of effective staff employed in 2002 was 82,935 (2001: 89,034) of whom 36,077 (2001: 38,862) were women. Part-time staff are included in these figures proportionately. An average of 45,623 (2001: 45,479) staff members worked abroad.

## Staff

The list of mandates gives details of mandates in Germany and abroad. It can be obtained free of charge.

## Other publications

Differences in accounting and measurement methods in the Consolidated Financial Statements: U.S. GAAP compared to German Commercial Code (HGB).

## Reconciliation comments

In contrast to German reporting, U.S. Generally Accepted Accounting Principles (U.S. GAAP) seek creditor protection by providing relevant information rather than by conservative reporting and valuation rules. In the following cases, the different objective of U.S. GAAP leads to different accounting and valuation methods or to different reporting in the Consolidated Financial Statements:

**Trading assets.** Trading assets include securities held for trading purposes and positive market values from outstanding derivative financial instruments. They are carried at fair value on the balance sheet with the changes in fair value reported in trading revenues. This leads to the recognition of earnings which are qualified as unrealized gains under German law. Furthermore, positive market values from derivative financial instruments are not carried on the balance sheet under German commercial law.

**Netting in trading activities.** Trading assets and trading liabilities are netted if there is an enforceable master netting agreement. Similarly, positive and negative market values from derivative financial instruments with the same counterparty are netted under existing master netting agreements. Furthermore, long



and short positions in a marketable security are also reported net (so-called "CUSIP/ISIN netting").

**Securities available for sale.** Financial assets classified as securities available for sale are carried at fair value, whereby, unrealized gains and losses are reported within "shareholders' equity" and realized gains and losses are recorded in earnings. Under the German Commercial Code these holdings are carried at lower-of-cost-or-market on the balance sheet.

**Goodwill.** Under U.S. GAAP, goodwill is not amortized but tested for impairment on an ongoing basis. Under the German Commercial Code and German Accounting Standards, goodwill is amortized over a period of up to 20 years.

#### **Premises and equipment**

**Tax bases.** The tax bases are not reported in the U.S. GAAP financial statements. As a result, premises and equipment are usually carried at a higher value compared with statements prepared under the German Commercial Code.

**Software costs.** Certain costs for self-developed software are capitalized if the specific conditions of U.S. GAAP are fulfilled. Under the German Commercial Code, all software costs are expensed as incurred.

**Trading liabilities.** Trading liabilities comprise short positions and negative market values from derivative financial instruments, unless they have been netted with trading assets. The German Commercial Code requires short positions to be reported under liabilities to banks and/or liabilities to customers. Negative market values from derivative financial instruments generally result in the recognition of provisions for possible losses from pending transactions, unless certain requirements for netting within "valuation units" are fulfilled.

#### **Provisions**

**for pension plans and similar obligations.** Forecasted salary growth is taken into account in the actuarial calculation of pension provisions. Adjustments of current pension payments are deferred and not fully written off immediately. Also, market interest rates are utilized.

In case of pension trusts whose designated trust assets serve solely to secure the long-term pension commitments made by the bank and therefore are segregated from the bank's other operating assets, the pension liabilities are offset with the designated plan assets for reporting purposes. The corresponding profit components are also offset. The German Commercial Code does not allow such offsetting for balance sheet and P&L reporting purposes.

**Deferred taxes.** Deferred taxes are recorded in accordance with the balance sheet-related temporary differences concept whereby the carrying amounts of individual assets and liabilities in the balance sheet are compared with the values for tax purposes. Temporary differences between these values result in deferred tax assets or deferred tax liabilities. On the other hand, tax deferrals according to the German Commercial Code are only admissible as timing differences between commercial-law results and the profit to be calculated in accordance with tax regulations.

**Own bonds/own shares.** Repurchased own bonds are extinguished. Differences between cost and issuing value are recognized in the statement of income.

Own shares (treasury shares) are deducted from shareholders' equity with their acquisition cost. Gains and losses are directly attributed to additional paid-in capital.

**Minority interests.** Minority interests are reported as other liabilities.

**Trust business.** In accordance with its economic content, trust business which the bank transacts in its own name, but for third-party account, is not reported in the balance sheet.

### [36] Corporate Governance

Deutsche Bank AG and its only German listed consolidated subsidiary, Deutsche Wohnen AG, have approved the Declaration of Conformity in accordance with § 161 of the German Corporation Act (AktG) and made it accessible to shareholders.

### [37] Board of Managing Directors in the reporting year

**Josef Ackermann**

Spokesman from May 22, 2002

**Jürgen Fitschen**

until January 30, 2002

**Rolf-E. Breuer**

Spokesman and Member of the Board of Managing Directors until May 22, 2002

**Tessen von Heydebreck**

**Hermann-Josef Lamberti**

**Michael Philipp**

until January 30, 2002

**Clemens Börsig**

**Thomas R. Fischer**

until January 30, 2002

## 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 Board of Managing Directors provides overall risk management supervision for our consolidated Group as a whole. Our Supervisory Board regularly monitors our risk profile.
- Our Group Risk Committee has responsibility for management and control of our risks.
- We manage credit, market, liquidity, operational and business risks in a coordinated manner at all relevant 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 Board of Managing Directors, 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;
- Develop and implement a Group-wide applicable methodology for the measurement of Risk Adjusted Return on Economic Capital; and
- Approve the organizational structure of our risk management department and appoint its key management personnel.

The Group Risk Committee has delegated some of its tasks to sub-committees, the most relevant being the Group Credit Policy Committee. Among others it reviews credit policies, industry reports and country risk limit applications throughout the Group.

For each of our Group Divisions, we then have 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 and market risk limits;
- Conduct periodic portfolio reviews to ensure that the portfolio of 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 Group Divisions and of the risk management department. The role of the controlling department is to quantify the risk we assume and ensure the quality and integrity of our risk-related data. Our audit department reviews the compliance of our internal control procedures with internal and regulatory standards. Our legal department provides legal advice and support on topics including collateral arrangements and netting.

### Categories of Risk

The most important risks we assume are specific banking risks and risks arising from the general business environment.

Our risk management processes distinguish among four kinds of specific banking risks: credit risk, market risk, liquidity risk and operational risk.

### Specific Banking Risks

**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 we may suffer a loss, in any given country, due to the following reasons: political and social upheaval, nationalization and expropriation of assets, government repudiation of external indebtedness, exchange controls and currency depreciation or devaluation.
- **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 employees, project management, contractual specifications and documentation, technology, infrastructure failure and disasters, external influences and customer relationships. This definition includes, among others, legal and regulatory risk, which is based on recent regulatory discussion concerning operational risk.

#### **General Business Risk**

General business risk describes the risk we assume due to potential changes in general business conditions, such as our market environment, client behavior and technological progress. This can affect our earnings if we fail to quickly adjust to these changing conditions.

#### **Insurance Specific Risks**

Following the sale of Deutscher Herold insurance companies to Zurich Financial Services Group, we are not engaged in any activities which result in insurance-specific risks that are material to the Group.

## 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 types 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:

We use expected loss as a measure of the default and cross border transfer risk parts of our credit risk. Expected loss is a measurement of the default loss we can expect within a one-year period on our credit exposure, based on our historical loss experience. When calculating expected loss, we take collateral, maturities and statistical averaging procedures into account to reflect the risk characteristics of our different types of exposures and facilities. All parameter assumptions are based on long-term statistical averages of our internal default and loss history as well as external benchmarks.

We use expected loss as a tool of our risk management process and as part of our management reporting systems. We also use the applicable results of the expected loss calculations when establishing the other inherent loss allowance included in our financial statements. Applicable results in this context are those which are used to estimate losses inherent in loans and contingent liabilities that are not already considered in the specific loss component of our allowance or our allowance for smaller-balance standardized homogeneous loans.

We rely on our book capital to absorb any losses that result from the risks we assume in our businesses. Book capital is defined as the amount of equity capital that appears in our balance sheet. 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.

## Expected Loss

## Economic Capital

We calculate economic capital for the default risk, cross border transfer risk and settlement risk elements of credit risk, for market risk, for operational risk and for general business risk. 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 our aggregated losses within one year will exceed our economic capital for that year.

### Value-at-Risk

We use the value-at-risk approach to derive quantitative measures for our trading book market risks under normal market conditions. Our value-at-risk (or VaR) figures play a role in both internal and external (regulatory) reporting. For a given portfolio, value-at-risk measures the potential future loss (in terms of market value) which, under normal market conditions, will not be exceeded with a defined confidence level in a defined period. The value-at-risk for a total portfolio represents a measure of our aggregated market risk (aggregated using predetermined correlations) in that portfolio.

### Stress Testing

We supplement our analysis of market risk with stress testing. We perform stress tests because value-at-risk calculations are based on relatively recent historical data and only purport to estimate risk up to a defined confidence level. Therefore, they only reflect possible losses under relatively normal market conditions. 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.

### Regulatory Risk Reporting

German banking regulations assess our capacity to assume risk in several ways:

**Risk Position.** Risk-weighted assets relating, in particular, to default risks, and the equivalent for our market risk position (interest rate, exchange rate, share price and commodity price risks). Our regulators permit us to use our internal value-at-risk approach to calculate the market risk position as a component of risk positions.

**Capital.** The Total capital which can be used to back the risk position and is recognized for bank regulatory purposes consists of core capital (Tier I), supplementary (Tier II) and Tier III capital.

## Credit Risk

Credit risk makes up the largest part of our risk exposures. We manage our credit risk following these principles:

- Every extension of credit to any counterparty requires approval at the appropriate 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 is also based on a risk-versus-return analysis.
- Every material change to a credit facility (such as of its tenor, collateral structure or major covenants) requires approval at the appropriate 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, other indication of group affiliation; or are jointly and severally liable for all or significant portions of the credit we have extended.

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 (which results in a counterparty rating) and the risks related to the specific type of credit facility or exposure. This risk assessment 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.

We have our own in-house assessment methodologies, scorecards and rating scale for evaluating our client groupings. Before 2002, our in-house classifications required a mapping to convert from several 10-grade rating scales into one consistent metric. In 2002, we moved the counterparty ratings for our corporate credit exposure from several 10-grade rating scales to a single, more granular, 26-grade rating scale, eliminating the need for mapping when aggregating our exposures across regions and product categories for reporting purposes. This enables us to harmonize our internal rating scale with common market practice and improve comparability between different sub-portfolios of our institution. When we assign our internal risk ratings, we compare them with external risk ratings assigned to our counterparties by the major international rating agencies, where possible.

We calibrated the new 26-grade rating scale on a probability of default measure which is based on a statistical analysis of historical defaults in our portfolio. We express these measures as a percentage probability that a counterparty will default on our exposure to it. We then assign these probability of default calculations into categories that we regard, for our purposes, as fundamentally equivalent to those of the major international rating agencies.

## Credit Risk Ratings



**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. Our credit policies also establish special procedures (including lower approval thresholds and more senior approval personnel) for exceptional cases when we may assume exposures beyond established limits.

These exceptions provide a degree of flexibility for unusual business opportunities, new market trends and other similar 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. Unless prohibited by regulations we exclude exposures that, in our opinion, do not expose us to any significant default risk. In addition, we typically exclude exposures relating to other categories of risk, such as market risk. These risks are subject to scrutiny under their own individual policies. 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 credit analysis forms the basis of every credit decision we make. This analysis presents and assesses the material information for a decision regarding a credit exposure and generates a report. We generally update our credit reports annually and require credit reports for all initial credit approvals and for subsequent internal reviews. These reports must contain the following: 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.

**Monitoring Default Risk**

We monitor all of our credit exposures on a continuing basis using the risk management tools described above. We also have procedures in place to identify at an early stage credit exposures for which there may be an increased risk of loss. Accountability for recognition of problem credits rests with the relationship manager in conjunction with the appropriate credit officer. We believe that customers where problems could arise 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 customers where problems might arise, the respective exposure is placed on a watchlist. Additionally, we refer the related exposures to a special loan management team. Within our consumer credit exposure, as described below, the delinquency status is tracked which is the main basis for the transfer to a special loan management team. The function of this group is to effectively manage problem exposures by taking prompt corrective action to ensure asset values are preserved and losses are minimized. The special loan management team performs this function either through consultation with the credit unit or direct management of an exposure.

We define our total credit risk exposures as all transactions where losses might occur due to the fact that counterparties may not fulfill their contractual payment obligations. We calculate the gross amount of the exposure without taking into account any collateral, other credit enhancement or credit protection transactions. When we describe our credit risk exposure, we distinguish between the following categories: loans, tradable assets, over-the-counter derivatives and contingent liabilities. Listed below are some further details concerning our credit risk exposure categories:

- **“Loans”** exclude interest-earning deposits with banks, other claims (mostly unsettled balances from securities transactions) and accrued interest.
- **“Tradable assets”**, as defined for this purpose, include bonds, other fixed-income products and traded loans.
- **“OTC derivatives”** are our credit exposures arising from over-the-counter, or 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. We calculate our 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.
- **“Contingent liabilities”** include liabilities from guarantees (excluding market value guarantees) and indemnity agreements. They exclude letters of credit, other obligations such as irrevocable loan commitments and placement and underwriting commitments. These exclusions were € 107.8 billion on December 31, 2002 and € 126.1 billion on December 31, 2001. We also excluded other quantifiable indemnities and commitments of € 49.9 billion, which predominantly relate to securities lending on behalf of customers. In 2002, more than 77% of our irrevocable commitments were to counterparties rated at the equivalent of investment grade debt ratings from the major international rating agencies.

Our total credit exposure can be classified under two broad headings: corporate credit exposure and consumer credit exposure.

- Our consumer credit exposure consists of our smaller-balance standardized homogeneous loans which include personal loans, residential and nonresidential mortgage loans, overdrafts and loans to self-employed and small business customers of our private and retail business.
- Our corporate credit exposure consists of all remaining exposures not defined as consumer credit exposure. Corporate credit exposure is the largest credit exposure and is discussed below in more detail.

## Credit Risk Exposure

## Corporate Credit Exposure

The following table breaks down our corporate credit exposure (other than credit exposure arising from repurchase and reverse repurchase agreements, securities lending and borrowing, interest-earning deposits with banks and irrevocable loan commitments) according to the creditworthiness categories of our counterparties:

| in € m.       | Loans          |                | Tradable Assets |                | OTC Derivatives |               | Contingent Liabilities |               | Total          |                |
|---------------|----------------|----------------|-----------------|----------------|-----------------|---------------|------------------------|---------------|----------------|----------------|
|               | Dec 31, 2002   | Dec 31, 2001   | Dec 31, 2002    | Dec 31, 2001   | Dec 31, 2002    | Dec 31, 2001  | Dec 31, 2002           | Dec 31, 2001  | Dec 31, 2002   | Dec 31, 2001   |
| AAA-AA        | 11,043         | 32,022         | 120,732         | 115,196        | 22,977          | 27,878        | 2,423                  | 7,131         | 157,175        | 182,227        |
| A             | 16,610         | 21,242         | 24,949          | 42,841         | 20,281          | 13,447        | 5,557                  | 5,291         | 67,397         | 82,821         |
| BBB           | 30,549         | 61,956         | 27,115          | 23,735         | 10,745          | 12,166        | 9,370                  | 10,519        | 77,779         | 108,376        |
| BB            | 37,269         | 71,804         | 17,426          | 9,598          | 5,528           | 2,962         | 8,195                  | 9,658         | 68,418         | 94,022         |
| B             | 11,590         | 18,424         | 3,701           | 8,261          | 640             | 370           | 3,063                  | 2,753         | 18,994         | 29,808         |
| CCC and below | 9,611          | 6,573          | 2,658           | 2,541          | 124             | 140           | 1,096                  | 1,304         | 13,489         | 10,558         |
| <b>Total</b>  | <b>116,672</b> | <b>212,021</b> | <b>196,581</b>  | <b>202,172</b> | <b>60,295</b>   | <b>56,963</b> | <b>29,704</b>          | <b>36,656</b> | <b>403,252</b> | <b>507,812</b> |

The above table illustrates not only a general reduction in our corporate exposures (including the effects of the deconsolidation of our EUROHYPO mortgage business, which caused loan volume decreases in all rating bands, including the sub-investment grade categories) but also reflects a change in the distribution of creditworthiness in our corporate loan portfolio, which can be attributed to two main factors:

First, the change in our corporate credit exposure in 2002 compared to 2001 is a consequence of a general deterioration of creditworthiness in our loan portfolio as is evidenced by the increasing proportion of lower rated loans. During the course of 2002, the observable general trend has been downgrades rather than upgrades in both our international and domestic lending portfolios. Most specifically, the general trend has been a downwards migration of loans rated BBB and below. This downgrading is partially a reflection of the difficulties that persist in the global economic climate faced by us and our counterparties and is also evidence of a general downturn that is being experienced within the banking industry. Despite this general downgrading, the overall quality of the loan portfolio remains sound.

Second, as described above in "Credit Risk Ratings", we have recently harmonized our internal rating system for our counterparties by recalibrating it to one global scale. This new calibration, which is part of our initiative to comply with upcoming Basel II requirements as well as improving our internal economic capital allocation, has a stronger focus on global comparability and benchmarking against external ratings. In order to make the 2002 and 2001 figures comparable, we have restated the 2001 figures, on an estimated basis, reflecting the new calibration of our internal risk rating system by applying more refined mappings when aggregating individual exposures previously rated on different 10-grade scales. For EUROHYPO, which was deconsolidated in 2002, the rating restatement for 2001 resulted in a net reduction in exposures rated BBB and better and net increases in the categories below. For our 2001 loan exposures excluding EUROHYPO the restatement of 2001 figures resulted in net increases at both the upper and the lower end of our creditworthiness categories.

The restatement of our 2001 creditworthiness categories did not alter the amount of problem loans or otherwise classified exposures. In particular, the level of specific loan loss allowances reported in our 2001 financials is not affected as it was established based on an individual review of each credit. Likewise, our inherent loss allowance is not impacted.

Our consumer credit exposure consists of our smaller-balance standardized homogeneous loans primarily in Germany, Italy and Spain which include personal loans, residential and nonresidential mortgage loans, overdrafts and loans to self-employed and small business customers of our private and retail business. This portfolio collectively represents a large number of individual smaller-balance loans to consumers and small businesses. We allocate this portfolio into various sub-portfolios according to our major product categories and geographical dispersion.

The table below presents consumer loan delinquencies in terms of loans that are 90 days or more past due and net credit costs, which are the net provisions charged during the period, after recoveries. Loans deemed to be 90 days or more past due and net credit costs are both expressed as a percentage of total exposure:

### Consumer Credit Exposure

|                                       | Total Exposure<br>in € m. |                 | 90 Days or More Past Due<br>in % of Total Exposure |                 | Net Credit Costs<br>in % of Total Exposure |                 |
|---------------------------------------|---------------------------|-----------------|--|-----------------|--|-----------------|
|                                       | Dec 31,<br>2002           | Dec 31,<br>2001 | Dec 31,<br>2002                                    | Dec 31,<br>2001 | Dec 31,<br>2002                            | Dec 31,<br>2001 |
| Consumer Credit Exposure Germany      |                           |                 |  |                 |  |                 |
| Consumer and Small Business Financing | 11,326                    | 11,463          | 1.91   | 1.95            | 0.75                                       | 0.66            |
| Mortgage Lending                      | 33,610                    | 32,952          | 2.10   | 2.27            | 0.09                                       | 0.11            |
| Consumer Credit Exposure Other Europe | 10,012                    | 8,987           | 4.14   | 3.88            | 0.59                                       | 0.73            |
| <b>Total Consumer Credit Exposure</b> | <b>54,948</b>             | <b>53,402</b>   | <b>2.43</b>  | <b>2.48</b>     | <b>0.32</b>                                | <b>0.33</b>     |

The volume of our consumer credit exposure rose by € 1.5 billion, or 2.9%, from 2001 to 2002, driven mainly by our German and Italian business. Total net credit costs remained materially unchanged as increases in German consumer financing were offset by improvements in German mortgage lending and other European business. Loans delinquent by 90 days or more decreased from 2.48% to 2.43%, reflecting decreases in Germany partly offset by increases in Italy.

### Total Credit Exposure

Our total credit exposures were € 600.7 billion on December 31, 2002 and € 737.6 billion on December 31, 2001. These figures include the exposures shown in the table below, as well as credit exposures arising from repurchase and reverse repurchase agreements, securities lending and borrowing, interest-earning deposits with banks and irrevocable loan commitments.

The following table breaks down our total credit exposure (other than credit exposure arising from repurchase and reverse repurchase agreements, securities lending and borrowing, interest-earning deposits with banks and irrevocable loan commitments) according to the industrial sectors of our counterparties:

| in € m.                           | Loans               |                     | Tradable Assets |                | OTC Derivatives |               | Contingent Liabilities |               | Total          |                |
|-----------------------------------|---------------------|---------------------|-----------------|----------------|-----------------|---------------|------------------------|---------------|----------------|----------------|
|                                   | Dec 31, 2002        | Dec 31, 2001        | Dec 31, 2002    | Dec 31, 2001   | Dec 31, 2002    | Dec 31, 2001  | Dec 31, 2002           | Dec 31, 2001  | Dec 31, 2002   | Dec 31, 2001   |
| Banks and insurance               | 10,720              | 19,909              | 47,686          | 62,512         | 44,970          | 44,377        | 5,892                  | 8,091         | 109,268        | 134,889        |
| Manufacturing                     | 22,545              | 32,102              | 17,142          | 13,917         | 2,389           | 4,903         | 9,598                  | 12,705        | 51,674         | 63,627         |
| Households                        | 53,207              | 63,168              | –               | –              | 281             | 318           | 392                    | 477           | 53,880         | 63,963         |
| Public sector                     | 4,584               | 23,658              | 95,356          | 91,578         | 1,792           | 1,576         | 232                    | 240           | 101,964        | 117,052        |
| Wholesale and retail trade        | 14,467              | 15,759              | 2,583           | 2,503          | 688             | 671           | 1,989                  | 2,906         | 19,727         | 21,839         |
| Commercial real estate activities | 18,360              | 35,617              | 2,657           | 3,138          | 688             | 230           | 978                    | 983           | 22,683         | 39,968         |
| Other                             | 47,737 <sup>1</sup> | 75,210 <sup>1</sup> | 31,157          | 28,524         | 9,487           | 4,888         | 10,623                 | 11,254        | 99,004         | 119,876        |
| <b>Total</b>                      | <b>171,620</b>      | <b>265,423</b>      | <b>196,581</b>  | <b>202,172</b> | <b>60,295</b>   | <b>56,963</b> | <b>29,704</b>          | <b>36,656</b> | <b>458,200</b> | <b>561,214</b> |

<sup>1</sup> Includes lease financing and a deduction for unearned income.

The exposure to Households, as shown in the table above, primarily reflects our consumer credit exposure. For 2001, certain loan exposures were reclassified from Banks and insurance to Other (€ 6.5 billion) and from Commercial real estate activities to Households (€ 2.8 billion).

The reclassification of our 2001 credit risk profile by industry sector did not alter the amount of problem loans or otherwise classified exposures. In particular, the level of specific loan loss allowances reported in our 2001 financials is not affected as it was established based on an individual review of each credit.

The following table breaks down our total credit exposure (other than credit exposure arising from repurchase and reverse repurchase agreements, securities lending and borrowing, interest-earning deposits with banks and irrevocable loan commitments) by geographical region. For this table, we have allocated exposures to regions based on the domicile of our counterparties, irrespective of any affiliations the counterparties may have with corporate groups domiciled elsewhere:

| in € m.                   | Loans          |                | Tradable Assets |                | OTC Derivatives |               | Contingent Liabilities |               | Total          |                |
|---------------------------|----------------|----------------|-----------------|----------------|-----------------|---------------|------------------------|---------------|----------------|----------------|
|                           | Dec 31, 2002   | Dec 31, 2001   | Dec 31, 2002    | Dec 31, 2001   | Dec 31, 2002    | Dec 31, 2001  | Dec 31, 2002           | Dec 31, 2001  | Dec 31, 2002   | Dec 31, 2001   |
| Eastern Europe            | 1,679          | 2,334          | 4,186           | 1,659          | 678             | 762           | 483                    | 573           | 7,026          | 5,328          |
| Western Europe            | 133,732        | 205,981        | 76,971          | 93,233         | 35,094          | 30,956        | 21,089                 | 26,065        | 266,886        | 356,235        |
| Africa                    | 618            | 324            | 951             | 993            | 451             | 669           | 23                     | 266           | 2,043          | 2,252          |
| Asia-Pacific              | 8,517          | 13,035         | 30,493          | 29,315         | 4,515           | 6,143         | 2,403                  | 3,077         | 45,928         | 51,570         |
| North America             | 24,643         | 39,817         | 78,464          | 70,967         | 17,698          | 17,236        | 5,450                  | 6,150         | 126,255        | 134,170        |
| Central and South America | 2,373          | 3,884          | 2,984           | 4,177          | 597             | 1,080         | 249                    | 516           | 6,203          | 9,657          |
| Other <sup>1</sup>        | 58             | 48             | 2,532           | 1,828          | 1,262           | 117           | 7                      | 9             | 3,859          | 2,002          |
| <b>Total</b>              | <b>171,620</b> | <b>265,423</b> | <b>196,581</b>  | <b>202,172</b> | <b>60,295</b>   | <b>56,963</b> | <b>29,704</b>          | <b>36,656</b> | <b>458,200</b> | <b>561,214</b> |

<sup>1</sup> Includes supranational organizations and other exposures that we have not allocated to a single region.

### Credit Exposure from Derivatives

Notional amounts and gross market values of OTC and exchange-traded derivative contracts we held for trading and nontrading purposes.

| December 31, 2002                                      |                  |                   |
|--|------------------|-------------------|
| in € m.  | Within One Year  | > 1 and ≤ 5 Years |
| <b>Interest-rate-related transactions</b>              |                  |                   |
| OTC products   |                  |                   |
| FRAs   | 730,032          | 42,802            |
| Interest rate swaps (single currency)                  | 2,818,322        | 3,093,317         |
| Purchased interest rate options                        | 136,818          | 469,018           |
| Written interest rate options                          | 121,757          | 450,840           |
| Other interest rate trades                             | –                | –                 |
| Exchange-traded products                               |                  |                   |
| Interest rate futures                                  | 214,834          | 135,280           |
| Purchased interest rate options                        | 187,884          | 53,875            |
| Written interest rate options                          | 92,612           | 40,874            |
| Sub-total  | 4,302,259        | 4,286,006         |
| <b>Currency-related transactions</b>                   |                  |                   |
| OTC products   |                  |                   |
| Forward exchange trades                                | 1,003,346        | 36,093            |
| Cross currency swaps                                   | 422,931          | 154,210           |
| Purchased foreign currency options                     | 154,928          | 22,134            |
| Written foreign currency options                       | 154,512          | 19,730            |
| Exchange-traded products                               |                  |                   |
| Foreign currency futures                               | 3,655            | 956               |
| Purchased foreign currency options                     | 162              | –                 |
| Written foreign currency options                       | 175              | –                 |
| Sub-total  | 1,739,709        | 233,123           |
| <b>Equity/index-related transactions</b>               |                  |                   |
| OTC products   |                  |                   |
| Equity/index swaps                                     | 53,608           | 190,219           |
| Purchased equity/index options                         | 34,638           | 52,808            |
| Written equity/index options                           | 41,481           | 58,538            |
| Other equity/index trades                              | –                | –                 |
| Exchange-traded products                               |                  |                   |
| Equity/index futures                                   | 25,462           | 332               |
| Equity/index purchased options                         | 32,809           | 22,446            |
| Equity/index written options                           | 28,583           | 20,178            |
| Sub-total  | 216,581          | 344,521           |
| <b>Other transactions</b>                              |                  |                   |
| OTC products   |                  |                   |
| Precious metal trades                                  | 23,437           | 27,505            |
| Nonprecious metal trades                               | 29,593           | 10,415            |
| Exchange-traded products                               |                  |                   |
| Futures  | 886              | 931               |
| Purchased options                                      | 3,423            | 859               |
| Written options  | 2,657            | 547               |
| Sub-total  | 59,996           | 40,257            |
| <b>Total OTC business</b>                              | <b>5,725,403</b> | <b>4,627,629</b>  |
| <b>Total exchange-traded business</b>                  | <b>593,142</b>   | <b>276,278</b>    |
| <b>Total</b>   | <b>6,318,545</b> | <b>4,903,907</b>  |
| <b>Positive market values after netting agreements</b> |                  |                   |

| Notional Amount Maturity Distribution |                   | Positive Market Value | Negative Market Value | Net Market Value |
|---------------------------------------|-------------------|-----------------------|-----------------------|------------------|
| After Five Years                      | Total             |                       |                       |                  |
| 830                                   | 773,664           | 417                   | (552)                 | (135)            |
| 2,517,510                             | 8,429,149         | 213,557               | (207,536)             | 6,021            |
| 344,924                               | 950,760           | 27,188                | –                     | 27,188           |
| 366,192                               | 938,789           | –                     | (26,866)              | (26,866)         |
| –                                     | –                 | –                     | –                     | –                |
| 1,593                                 | 351,707           | –                     | (247)                 | (247)            |
| –                                     | 241,759           | 182                   | –                     | 182              |
| –                                     | 133,486           | –                     | (67)                  | (67)             |
| 3,231,049                             | 11,819,314        | 241,344               | (235,268)             | 6,076            |
| 1,176                                 | 1,040,615         | 19,535                | (19,889)              | (354)            |
| 106,788                               | 683,929           | 18,064                | (21,711)              | (3,647)          |
| 1,156                                 | 178,218           | 5,124                 | –                     | 5,124            |
| 664                                   | 174,906           | –                     | (4,798)               | (4,798)          |
| –                                     | 4,611             | –                     | –                     | –                |
| –                                     | 162               | 14                    | –                     | 14               |
| –                                     | 175               | –                     | (24)                  | (24)             |
| 109,784                               | 2,082,616         | 42,737                | (46,422)              | (3,685)          |
| 51,143                                | 294,970           | 9,037                 | (9,971)               | (934)            |
| 13,017                                | 100,463           | 13,352                | –                     | 13,352           |
| 10,215                                | 110,234           | –                     | (12,857)              | (12,857)         |
| –                                     | –                 | –                     | –                     | –                |
| –                                     | 25,794            | 218                   | (69)                  | 149              |
| –                                     | 55,255            | 5,112                 | –                     | 5,112            |
| 342                                   | 49,103            | –                     | (4,471)               | (4,471)          |
| 74,717                                | 635,819           | 27,719                | (27,368)              | 351              |
| 6,532                                 | 57,474            | 2,602                 | (1,782)               | 820              |
| 260                                   | 40,268            | 5,401                 | (4,844)               | 557              |
| 108                                   | 1,925             | –                     | –                     | –                |
| 24                                    | 4,306             | 167                   | –                     | 167              |
| –                                     | 3,204             | –                     | (122)                 | (122)            |
| 6,924                                 | 107,177           | 8,170                 | (6,748)               | 1,422            |
| <b>3,420,407</b>                      | <b>13,773,439</b> | <b>314,277</b>        | <b>(310,806)</b>      | <b>3,471</b>     |
| <b>2,067</b>                          | <b>871,487</b>    | <b>5,693</b>          | <b>(5,000)</b>        | <b>693</b>       |
| <b>3,422,474</b>                      | <b>14,644,926</b> | <b>319,970</b>        | <b>(315,806)</b>      | <b>4,164</b>     |
|                                       |                   | <b>65,985</b>         |                       |                  |



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.

As 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. We measure our potential future exposure against separate limits, which can be a multiple of the credit limit. We supplement our potential future exposure analysis with stress tests to estimate the immediate impact of market events on our exposures (such as event risk in our emerging markets portfolio).

Trading activities in credit derivatives led to positive market values of € 2.2 billion after netting as of December 31, 2002. Credit derivatives are included in the table above; they are predominantly assigned to equity/index-related transactions. Outside the trading activities, derivative transactions are also used to manage credit risks in the banking book.

Included in the table above are non-exchange traded commodity contracts that are accounted for at fair value. The majority of these contracts mature in less than five years and are valued based on actively quoted prices.

**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 OTC 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 nonderivative claim and manage it through our regular workout process. As a consequence, we do not show any nonperforming derivatives.

## Country Risk

We manage country risk through a number of risk measures and limits, the most important being:

**Total Country Credit Exposure.** We set limits on our aggregate credit exposure to counterparties which we view as being at risk if economic or political events occur, and which could lead to widespread credit defaults in a particular country (a “country risk event”).

We include all credit extended to counterparties domiciled in that country (including unguaranteed subsidiaries of foreign entities). We also include credit extended to offshore subsidiaries of those local clients.

**Cross Border Transfer Risk.** Arises where we extend credit from one of our offices in one country to a counterparty in a different country. We define the transfer risk component of such credit 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 nonresidents (a “transfer risk event”).

- 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.
- In 2002 we modified the basis for establishing limits to monitor cross border transfer risk. We now capture this based on full notional value (previously set on a “money-at-risk” basis). We believe this provides a more accurate measure of exposure to a given country.

**Highly-Stressed Event Risk Scenarios (“ERS”).** We use stress testing to measure potential market risk on our trading positions and view these as market risks.

Our country risk ratings represent a key tool in our management of country risk. Our ratings include:

- **Country Credit Risk Rating.** An estimate of the probability of occurrence of a country risk event.
- **Cross Border Transfer Risk Rating.** An estimate of the probability of a transfer risk event (usually as part of a country risk event).
- **Event Risk Rating.** For further details see “Market Risk” below.

Our ratings are established by an independent country risk research function within our Credit Risk Management division.

All country credit risk and cross border transfer risk ratings are reviewed, and revised or reaffirmed, at least annually by the Group Credit Policy Committee. Our country risk research group also reviews, at least quarterly, our ratings for the major emerging market countries in which we conduct business. Ratings for countries which we view as particularly volatile, as well as all ERS ratings, are subject to continuous review.

We also regularly compare our internal risk ratings with the ratings of the major international rating agencies.

## Country Risk Ratings

### Country Risk Limits

We manage our exposure to country risk through a framework of limits. We set country limits for all Emerging Markets countries as defined below. They include limits on total country credit exposure, cross border transfer risk, and ERS risk. Limits are reviewed at least annually, in conjunction with the review of country risk ratings. Country limits are set by either our Board of Managing Directors or by our Group Credit Policy Committee, pursuant to delegated authority.

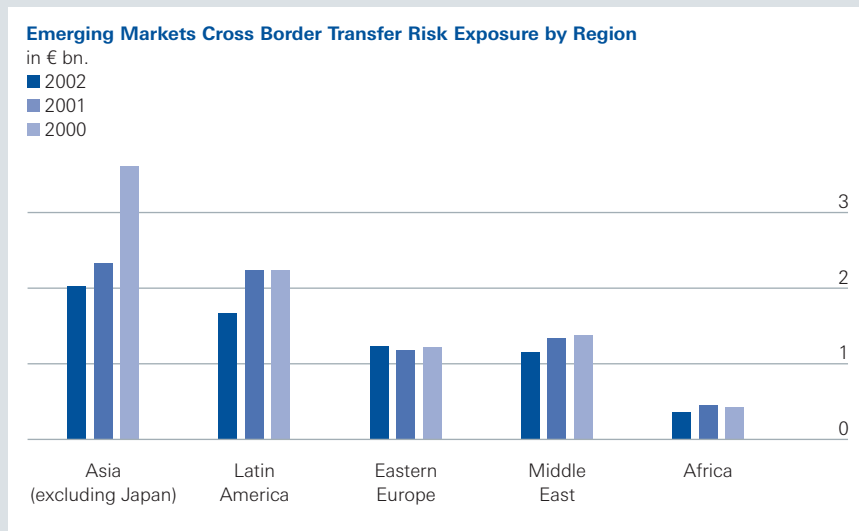
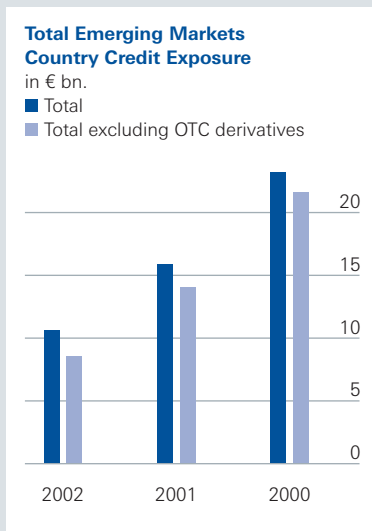
### Monitoring Country Risk

We charge our Group Divisions with the responsibility of managing their country risk within the approved limits. The regional units within Credit Risk Management monitor our country risk based on information provided by our controlling function. Our Group Credit Policy Committee also reviews data on cross border transfer risk.

Since 1998 the Bank has actively been reducing its exposure to Emerging Markets countries. For this purpose, we define Emerging Markets as including all countries in Latin America (including the Caribbean), Asia (excluding Japan), Eastern Europe, the Middle East and Africa. In connection with this strategy, our Credit Risk Management department focuses particularly on our total country credit exposure to Emerging Markets countries and regularly provides reports to our Group Credit Policy Committee.

### Country Risk Exposure

The following charts show the development of total Emerging Markets country credit exposure, and utilized Emerging Markets cross border transfer risk exposure by region:



On December 31, 2002, of our € 8.1 billion total cross border transfer risk exposure to Emerging Markets, only € 6.4 billion represents utilized exposures, down from € 7.6 billion on December 31, 2001 and € 8.9 billion on December 31, 2000.

## Measuring our Default and Cross Border Transfer Risk Exposures

We measure our exposure to default and cross border transfer risk using an expected loss criterion, 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 cross border transfer risk. We exclude exposures that we treat as subject to risks other than default and cross border transfer risk (e.g., exposure for which we assign economic capital under market risk policies). The following table shows our default and cross border transfer risk exposure, and expected loss and economic capital, by Group Division, as we calculate it for expected loss and economic capital purposes:

| December 31, 2002<br>in € m.  | Corporate and<br>Investment Bank | Private Clients<br>and Asset<br>Management | Other <sup>1</sup> | Total<br>Group |
|---|----------------------------------|--|--------------------|----------------|
| Loans   | 101,672                          | 66,120                                     | 3,828              | 171,620        |
| OTC derivatives   | 60,277                           | 18   | –                  | 60,295         |
| Contingent liabilities  | 27,590                           | 1,492                                      | 622                | 29,704         |
| Irrevocable loan commitments (including letters of credit)                        | 103,146                          | 4,186                                      | 465                | 107,797        |
| Repurchase and reverse repurchase agreements and securities lending and borrowing | 9,031                            | 1  | –                  | 9,032          |
| Interest-earning deposits with banks  | 19,356                           | 223  | 6,112              | 25,691         |
| <b>Total credit exposure</b>  | <b>321,072</b>                   | <b>72,040</b>                              | <b>11,027</b>      | <b>404,139</b> |
| Expected loss   | 1,063                            | 241  | 12                 | 1,316          |
| Economic capital for default and cross border transfer risk                       | 7,564                            | 1,008                                      | 69                 | 8,641          |

<sup>1</sup> Primarily relates to the Corporate Investments Group Division.

## 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 responsibility for determining our allowance for loan losses rests with credit risk management. The components of this allowance are:

**Specific Loss Component:** Allowances we maintain to cover the default risk of specific exposures.

### Inherent Loss Component:

- **Country Risk Allowance:** Allowances we maintain 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 Homogeneous Loan Loss Allowance:** Allowances we maintain at a portfolio level to cover credit losses inherent in these types of loans.
- **Other Inherent Loss Allowance:** Allowances we maintain as an estimate of credit losses which we have not otherwise identified.

**Specific Loss Component**

The specific loss component relates to all loans deemed to be impaired, following an assessment of the counterparty's ability to repay. A loan is considered to be impaired when we determine that it is probable that we will be unable to collect all interest and principal due in accordance with the terms of 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.

We regularly re-evaluate all credit exposures which have already been specifically provided for, as well as all credit exposures that appear on our watchlist.

**Inherent Loss Component**

The inherent loss component relates to all other loans we do not individually provide for, but which we believe to have some inherent loss on a portfolio basis.

**Country Risk Allowance.** We establish a country risk allowance 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. We determine the percentage rates for our country risk allowance on the basis of a comprehensive matrix that encompasses both historical loss experience and market data, such as economic, political and other relevant factors affecting a country's financial condition. In making our decision, we focus primarily on the cross border transfer risk ratings that we assign to a country and the amount and type of collateral.

**Smaller-Balance Standardized Homogeneous Loan Loss Allowance.** Our smaller-balance standardized homogeneous portfolio includes smaller-balance personal loans, residential and nonresidential mortgage loans, overdrafts and loans to self-employed and small business customers of our private and retail business. These loans are evaluated for inherent loss on a collective basis, based on analyses of historical loss experience from each product type according to criteria such as past due status and collateral recovery values. The resulting allowance encompasses the loss inherent both in current and performing loans, as well as in delinquent and nonperforming loans within the homogeneous loan portfolio.

**Other Inherent Loss Allowance.** This component of the allowance 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 considered in the specific loss component as described above or considered when establishing our allowance for smaller-balance standardized homogeneous loans. We have historically used a ratio of an entity's historical average losses (net of recoveries) to the historical average of its loan exposures, the result of which we applied to our corresponding period end loan exposures and adjusted the result for relevant environmental factors. As a consequence of our improved risk management processes and capabilities, in 2002 we refined the measure for calculating our other inherent loss allowance. This refinement was made in order to make the provision more sensitive to the prevailing credit environment and less based on historical loss experience. The new measurement incorporates the expected loss results which we generate as part of our economic capital calculations outlined above. Therefore, the new measurement considers, among other factors, our internal rating information which results in a better reflection of the current economic situation and conse-

quently provides better guidance for losses inherent in the portfolio that have not yet been individually identified.

We take charge-offs based on credit risk management's assessment when we determine that the loans are uncollectable. 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 charge-offs in 2000, consistently charged off loans when all legal means of recovery had been exhausted. This practice resulted in charge-offs occurring at a later date than for our entities regulated in the United States.

We began to develop a methodology in 2001 to bring our worldwide charge-off practices more into line with industry practices in the United States and had anticipated that the timing of our charge-offs would accelerate. In 2001, entities regulated outside the United States began to implement this change, which resulted in a higher level of charge-offs relative to that which would have occurred under the prior practice.

### Charge-off Policy

Our problem loans are comprised of nonaccrual loans, loans 90 days or more past due and still accruing and troubled debt restructurings.

The following table presents the components of our 2002 and 2001 problem loans:

### Problem Loans

| in € bn.  | Dec 31, 2002                |                                 |             | Dec 31, 2001                |                                 |             |
|---|-----------------------------|---------------------------------|-------------|-----------------------------|---------------------------------|-------------|
|   | Impaired Loans <sup>1</sup> | Nonperforming Homogeneous Loans | Total       | Impaired Loans <sup>1</sup> | Nonperforming Homogeneous Loans | Total       |
| Nonaccrual loans                                  | 8.5                         | 1.6                             | 10.1        | 10.0                        | 1.5                             | 11.5        |
| Loans 90 days or more past due and still accruing | 0.2                         | 0.3                             | 0.5         | 0.5                         | 0.4                             | 0.9         |
| Troubled debt restructurings                      | 0.2                         | –                               | 0.2         | 0.3                         | –                               | 0.3         |
| <b>Total problem loans</b>                        | <b>8.9</b>                  | <b>1.9</b>                      | <b>10.8</b> | <b>10.8</b>                 | <b>1.9</b>                      | <b>12.7</b> |

<sup>1</sup> Loans for which we determine that it is probable that we will be unable to collect all principal and interest due according to the contractual terms of the loan agreements.

The decrease in our total problem loans in 2002 is due to € 2.7 billion of gross charge-offs, a € 1.4 billion reduction due to the deconsolidation of various entities and a € 0.8 billion reduction as a result of exchange rate movements offset by € 3.0 billion of net new problem loans. Included in the € 1.9 billion nonperforming homogeneous loans, as of December 31, 2002, are € 1.3 billion of loans that are 90 days or more past due as well as € 541 million of loans that are less than 90 days past due.

The following table illustrates our total problem loans based on the domicile of our counterparty (within or outside Germany) for the last five years. We have no other material interest-bearing assets that are nonperforming:

| in € m.  | Dec 31,<br>2002 | Dec 31,<br>2001           | Dec 31,<br>2000 | Dec 31,<br>1999 | Dec 31,<br>1998 |
|--|-----------------|---------------------------|-----------------|-----------------|-----------------|
| Nonaccrual loans   |                 |                           |                 |                 |                 |
| German   | 4,587           | 6,538                     | 3,730           | 3,899           | 4,550           |
| Non-German   | 5,511           | 4,990                     | 2,824           | 2,104           | 1,024           |
| <b>Total nonaccrual loans</b>                                  | <b>10,098</b>   | <b>11,528<sup>1</sup></b> | <b>6,554</b>    | <b>6,003</b>    | <b>5,574</b>    |
| Loans 90 days or more past due and still accruing              |                 |                           |                 |                 |                 |
| German   | 439             | 658                       | 1,028           | 985             | 1,028           |
| Non-German   | 70              | 189                       | 470             | 1,275           | 1,043           |
| <b>Total loans 90 days or more past due and still accruing</b> | <b>509</b>      | <b>847</b>                | <b>1,498</b>    | <b>2,260</b>    | <b>2,071</b>    |
| Troubled debt restructurings                                   |                 |                           |                 |                 |                 |
| German   | 38              | 57                        | 14              | 242             | 55              |
| Non-German   | 154             | 222                       | 141             | 154             | 144             |
| <b>Total troubled debt restructurings</b>                      | <b>192</b>      | <b>279</b>                | <b>155</b>      | <b>396</b>      | <b>199</b>      |

<sup>1</sup> Total nonaccrual loans for 2001 includes approximately € 3.4 billion of impaired loans that were classified as potential problem loans in 2000.

**Nonaccrual Loans.** We place a loan on nonaccrual 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 principal and interest due according to the contractual terms of the loan agreement.

When a loan is placed on nonaccrual status, any accrued but unpaid interest previously recorded is reversed against current period interest revenue. Cash receipts of interest on nonaccrual loans are recorded as either interest revenue or a reduction of principal according to management's judgment as to collectability of principal.

As of December 31, 2002 our nonaccrual loans totaled € 10.1 billion, a net decrease of € 1.4 billion, or 12%, from 2001. The net decrease in nonaccrual loans is mainly due to charge-offs, deconsolidations and exposure reductions, partially offset by loans classified as nonaccrual for the first time.

As of December 31, 2001 our nonaccrual loans totaled € 11.5 billion, a net increase of € 4.9 billion, or 74%, from 2000. We estimate that the impact of the previously disclosed change in our nonaccrual practice was approximately € 3.4 billion. € 2.0 billion was due to additional nonaccruals 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 homogeneous portfolio in Italy. These increases were partially offset by movements in other portfolios and net charge-offs.

**Loans Ninety Days or More 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. These loans are well secured and in the process of collection.

In 2002, our 90 days or more past due and still accruing interest loans decreased by € 338 million, or 40% to € 509 million. This decrease is mainly due to deconsolidations (€ 217 million), the placing of loans on nonaccrual status and charge-offs.

In 2001, our 90 days or more past due and still accruing interest loans decreased by € 651 million, or 44%, to € 847 million, primarily reflecting the movement of some of our real estate portfolios in Germany (€ 410 million) and the smaller-balance homogeneous portfolio in Italy (€ 255 million) to nonaccrual 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 in one or more of the following ways:

- 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 borrower performs satisfactorily for one year under a restructured loan involving a modification of terms, we no longer consider that borrower's loan to be a troubled debt restructuring, unless at the time of restructuring the new interest rate was lower than the market rate for similar credit risks. These loans are not included in the reported troubled debt restructurings amounts.

Our troubled debt restructurings totaled € 192 million as of December 31, 2002, a decrease of 31% from 2001. The decrease in our troubled debt restructurings is mainly due to exposure reductions and loans now classified as nonaccrual.

Our troubled debt restructurings totaled € 279 million as of 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 nonaccrual loans and troubled debt restructurings. It shows the gross interest income that would have been recorded in 2002 if those loans had been current in accordance with their original terms and had been outstanding throughout 2002 or since their origination, if we only held them for part of 2002. It also shows the amount of interest income on those loans that was included in net income for 2002:

| in € m.   | 2002       |
|---|------------|
| German loans  |            |
| Gross amount of interest that would have been recorded at original rate | 212        |
| Less interest, net of reversals, recognized in interest revenue         | 114        |
| Reduction of interest revenue   | 98         |
| Non-German loans  |            |
| Gross amount of interest that would have been recorded at original rate | 302        |
| Less interest, net of reversals, recognized in interest revenue         | 82         |
| Reduction of interest revenue   | 220        |
| <b>Total reduction of interest revenue</b>                              | <b>318</b> |

The following table sets forth the components of our allowance for loan losses by industry of the borrower, and the percentage of our total loan portfolio accounted for by those industry classifications, on the dates specified. The breakdown between German and non-German borrowers is based on the location of the borrowers:

### Allowance for Loan Losses

| in € m. (except percentages)           | Dec 31, 2002 |             | Dec 31, 2001 |             | Dec 31, 2000 |             | Dec 31, 1999 |             | Dec 31, 1998 |             |
|--|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| German                                 |              |             |              |             |              |             |              |             |              |             |
| Specific loan loss allowance           |              |             |              |             |              |             |              |             |              |             |
| Banks and insurance                    | 37           | 1%          | 7            | 3%          | 67           | 4%          | 6            | 2%          | 10           | 3%          |
| Manufacturing                          | 317          | 5%          | 427          | 5%          | 668          | 5%          | 707          | 5%          | 781          | 6%          |
| Households<br>(excluding mortgages)    | 121          | 8%          | 102          | 5%          | 110          | 5%          | 64           | 5%          | 83           | 6%          |
| Households—mortgages                   | 5            | 15%         | 73           | 13%         | 58           | 12%         | 171          | 13%         | 162          | 13%         |
| Public sector                          | –            | 1%          | –            | 8%          | –            | 8%          | –            | 8%          | –            | 9%          |
| Wholesale and retail trade             | 130          | 3%          | 187          | 2%          | 359          | 3%          | 407          | 4%          | 438          | 6%          |
| Commercial real estate activities      | 287          | 9%          | 643          | 11%         | 773          | 9%          | 689          | 9%          | 568          | 10%         |
| Other                                  | 479          | 9%          | 606          | 9%          | 840          | 11%         | 990          | 13%         | 788          | 16%         |
| Specific German total                  | 1,376        |             | 2,045        |             | 2,875        |             | 3,034        |             | 2,830        |             |
| Inherent loss allowance                | 495          |             | 1,098        |             | 1,395        |             | 1,435        |             | 1,768        |             |
| <b>German total</b>                    | <b>1,871</b> | <b>51%</b>  | <b>3,143</b> | <b>56%</b>  | <b>4,270</b> | <b>57%</b>  | <b>4,469</b> | <b>59%</b>  | <b>4,598</b> | <b>69%</b>  |
| Non-German                             |              |             |              |             |              |             |              |             |              |             |
| Specific loan loss allowance           | 1,768        |             | 1,675        |             | 1,702        |             | 1,575        |             | 882          |             |
| Inherent loss allowance                | 678          |             | 767          |             | 773          |             | 1,237        |             | 1,036        |             |
| <b>Non-German total</b>                | <b>2,446</b> | <b>49%</b>  | <b>2,442</b> | <b>44%</b>  | <b>2,475</b> | <b>43%</b>  | <b>2,812</b> | <b>41%</b>  | <b>1,918</b> | <b>31%</b>  |
| <b>Total allowance for loan losses</b> | <b>4,317</b> | <b>100%</b> | <b>5,585</b> | <b>100%</b> | <b>6,745</b> | <b>100%</b> | <b>7,281</b> | <b>100%</b> | <b>6,516</b> | <b>100%</b> |
| Total specific allowance               | 3,144        |             | 3,720        |             | 4,577        |             | 4,609        |             | 3,712        |             |
| Total inherent loss allowance          | 1,173        |             | 1,865        |             | 2,168        |             | 2,672        |             | 2,804        |             |
| <b>Total allowance for loan losses</b> | <b>4,317</b> |             | <b>5,585</b> |             | <b>6,745</b> |             | <b>7,281</b> |             | <b>6,516</b> |             |

**Movements in the Allowance for Loan Losses.** We record increases to our allowance for loan losses as an expense on our Consolidated Statement of Income. 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 Statement of Income. Charge-offs reduce our allowance while recoveries increase the allowance without affecting the Consolidated Statement of Income.

The following table sets forth a breakdown of the movements in our allowance for loan losses for the periods specified:

| in € m. (except percentages)  | 2002         | 2001         | 2000         | 1999         | 1998         |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Allowance at beginning of year</b>   | <b>5,585</b> | <b>6,745</b> | <b>7,281</b> | <b>6,516</b> | <b>6,388</b> |
| Charge-offs   |              |              |              |              |              |
| German  |              |              |              |              |              |
| Banks and insurance   | 8            | 7            | 13           | 5            | 4            |
| Manufacturing   | 196          | 280          | 123          | 127          | 107          |
| Households (excluding mortgages)  | 400          | 214          | 37           | 41           | 15           |
| Households – mortgages  | 45           | 27           | 39           | 48           | 32           |
| Public sector   | –            | –            | –            | –            | –            |
| Wholesale and retail trade  | 140          | 192          | 60           | 81           | 58           |
| Commercial real estate activities   | 127          | 209          | 148          | 158          | 154          |
| Lease financing   | –            | 1            | 3            | 2            | 1            |
| Other   | 567          | 426          | 220          | 147          | 128          |
| Total German  | 1,483        | 1,356        | 643          | 609          | 499          |
| Non-German  |              |              |              |              |              |
| Excluding lease financing   | 1,244        | 697          | 652          | 215          | 243          |
| Lease financing only  | 1            | 2            | 1            | 15           | 1            |
| Total Non-German  | 1,245        | 699          | 653          | 230          | 244          |
| <b>Total charge-offs</b>  | <b>2,728</b> | <b>2,055</b> | <b>1,296</b> | <b>839</b>   | <b>743</b>   |
| Recoveries  |              |              |              |              |              |
| German  |              |              |              |              |              |
| Banks and insurance   | –            | –            | –            | 1            | 2            |
| Manufacturing   | 4            | 4            | 10           | 8            | 1            |
| Households (excluding mortgages)  | 24           | 15           | 3            | 2            | 2            |
| Households – mortgages  | 2            | 2            | –            | –            | –            |
| Public sector   | –            | –            | –            | –            | –            |
| Wholesale and retail trade  | 3            | 1            | –            | –            | –            |
| Commercial real estate activities   | 3            | –            | 3            | 5            | 2            |
| Lease financing   | –            | –            | –            | –            | –            |
| Other   | 42           | 11           | 35           | 5            | 19           |
| Total German  | 78           | 33           | 51           | 21           | 26           |
| Non-German  |              |              |              |              |              |
| Excluding lease financing   | 34           | 34           | 24           | 23           | 10           |
| Lease financing only  | –            | –            | –            | 6            | –            |
| Total Non-German  | 34           | 34           | 24           | 29           | 10           |
| <b>Total recoveries</b>   | <b>112</b>   | <b>67</b>    | <b>75</b>    | <b>50</b>    | <b>36</b>    |
| <b>Net charge-offs</b>  | <b>2,616</b> | <b>1,988</b> | <b>1,221</b> | <b>789</b>   | <b>707</b>   |
| Provision for loan losses   | 2,091        | 1,024        | 478          | 725          | 908          |
| Other changes (currency translation and allowance related to acquisitions/divestitures) | (743)        | (196)        | 207          | 829          | (73)         |
| <b>Allowance at end of year</b>   | <b>4,317</b> | <b>5,585</b> | <b>6,745</b> | <b>7,281</b> | <b>6,516</b> |
| Percentage of total net charge-offs to average loans for the year                       | 1.15 %       | 0.71 %       | 0.39 %       | 0.31 %       | 0.35 %       |

The following table presents an analysis of the changes in the international component of the allowance for loan losses. As of December 31, 2002, 57% of our total allowance was attributable to international clients:

| in € m.   | 2002         | 2001         | 2000         | 1999         | 1998         |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Allowance at beginning of year</b>   | <b>2,441</b> | <b>2,475</b> | <b>2,812</b> | <b>1,918</b> | <b>1,735</b> |
| Charge-offs   | 1,245        | 699          | 653          | 230          | 244          |
| Recoveries  | 34           | 34           | 24           | 29           | 10           |
| Net charge-offs   | 1,211        | 665          | 629          | 201          | 234          |
| Provision for loan losses   | 1,500        | 710          | 219          | 296          | 443          |
| Other changes (currency translation and allowance related to acquisitions/divestitures) | (284)        | (79)         | 73           | 799          | (26)         |
| <b>Allowance at end of year</b>   | <b>2,446</b> | <b>2,441</b> | <b>2,475</b> | <b>2,812</b> | <b>1,918</b> |

Our allowance for loan losses as of December 31, 2002 was € 4.3 billion, 23% lower than the € 5.6 billion at the end of 2001. This decrease in our allowance balance was principally due to increases in our charge-offs, partially offset by increases in our provisions due to adverse economic conditions that continued to persist in 2002. The overall reduction in our allowance for loan losses can also be attributed to net deconsolidations of € 421 million and exchange rate movements.

Our gross charge-offs grew to € 2.7 billion in 2002, an increase of € 673 million, or 33%, over 2001 charge-offs. Of the charge-offs for 2002, € 1.9 billion were related to our corporate credit exposure, mainly driven by our German and North American portfolios, and € 777 million were related to our consumer credit exposure.

Our provision for loan losses in 2002 was € 2.1 billion, an increase of 104% from the prior year. This amount is composed of both net new specific and inherent loan loss provisions. The provision for the year is primarily due to provisions raised to address the downturn in the telecommunications industry and specific loan loss provisions reflecting the deterioration in various industry sectors represented within our German portfolio and the Americas.

Our specific loan loss allowance was € 3.1 billion as of December 31, 2002, a decrease of € 576 million, or a 15% reduction from 2001. The change in our allowance includes a net specific loan loss provision of € 2.0 billion, 74% of which was for non-German clients. The provision was 111% higher than the previous year. The increased provision, however, was nearly offset by net charge-offs of € 1.8 billion. As the specific loan loss allowance is the largest component of our total allowance for loan losses, the net reduction in our specific loan loss allowance for 2002 is also due to the reasons outlined above for the overall reduction in our total allowance for loan losses.

Our inherent loan loss allowance totaled € 1.2 billion as of December 31, 2002, a decrease of € 692 million, or 37%, from the level at the end of 2001. A major driver of the net reduction was € 716 million net charge-offs in our homogeneous loan portfolio, partially offset by a net provision for smaller-balance standardized homogeneous exposures of € 179 million. The volume of charge-offs in the homogeneous portfolio in 2002 was affected by the establishment of days-past-due thresholds at which certain homogeneous loan types are completely charged-off.

Our allowance for loan losses as of 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 charge-offs, offset by increases in provisions due to weakened economic conditions in 2001.

Our charge-offs grew to € 2.1 billion in 2001, an increase of € 759 million, or 59%, over 2000 charge-offs. This was principally due to a change in practice in our entities regulated outside the United States. Out of the total charge-offs 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 homogeneous exposures. Approximately 25% of the charge-offs in the German-Other category, which totaled € 426 million, related to a single medium-sized German corporate client in the construction industry. The remaining € 700 million were charge-offs in our non-German portfolio, of which € 402 million, or 58%, related to charge-offs in North America, principally in our leveraged business.

Our total provision for loan losses in 2001 was € 1.0 billion, an increase of 114% from the prior year. This amount is comprised 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 as of 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 leveraged business. The increased provision was offset in part by € 1.6 billion in net charge-offs.

Our inherent loss allowance totaled € 1.9 billion as of 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 charge-offs 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 losses as of 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 charge-offs, lower specific provisions and a net release of our inherent loss provisions.

Our charge-offs increased to € 1.3 billion in 2000, a € 457 million, or 54%, increase over 1999 charge-offs. Of this increase, € 423 million was exclusively attributable to our non-German customers. Approximately 70%, or € 296 million, of this increase was due to charge-offs related to Russia and Iraq. We also had € 34 million of charge-offs for our German clients in the medium-sized corporate portfolio. Approximately 60% of the charge-offs 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 was composed of net new specific loan loss provisions and a release of our inherent loss provision. 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 of December 31, 2000, a 19% drop from the level at the end of 1999. This decline reflected the effect of the € 296 million of charge-offs described above and country provision releases totaling € 154 million. Of the € 154 million country provision releases, € 88 million was due to reduced exposure (mainly in Brazil and Turkey), € 34 million was due to a net reduction in provisioning rates applied to individual countries, and the remaining amount related to other changes, primarily foreign exchange. In addition to a small increase in our allowances on the homogeneous 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 charge-offs and an increase in its average loan exposures.

Our allowance for loan losses at December 31, 1999 was € 7.3 billion, a 12% increase from 1998. This increase in our allowance for loan losses was principally due to substantial increases in our specific provisions, and the Bankers Trust acquisition (€ 477 million), partially offset by releases of country risk provisions, a substantial decrease in the inherent loss provision and a slight increase in charge-offs (€ 96 million).

Our total charge-offs increased 13% during 1999 to € 839 million. This increase was primarily attributable to the German domestic portfolio. Approximately 30% of the German-Other charge-off was related to the construction industry.

During 1999, our provision for loan losses totaled € 725 million, a 20% or € 183 million decrease from the preceding year. This decrease was mainly attributable to higher specific loan loss provisions, offset in part by releases of country risk provision. Our German specific provision increased to € 568 million, a 65% increase from the preceding year. This increase was mainly attributable to higher provisions for the German borrower we refer to above.

Our non-German specific provision totaled € 358 million in 1999, a 30% increase from the preceding year. This increase was due to the fact that we were able to specifically identify those exposures, recorded in various Emerging Market countries, which required a specific provision. At the same time, we released country risk provisions, particularly in Indonesia and Turkey.

Our allowance for loan losses at December 31, 1998 was € 6.5 billion, a 2% increase from 1997. This increase was primarily due to the effects of the Asian and Russian financial crisis.

The following table presents an analysis of the changes in our allowance for credit losses on lending-related commitments:

| in € m.   | 2002       | 2001       | 2000       |
|---|------------|------------|------------|
| <b>Allowance at beginning of year</b>   | <b>496</b> | <b>453</b> | <b>569</b> |
| Provision for credit losses   | 17         | (30)       | (33)       |
| Net charge-offs   | –          | (22)       | (34)       |
| Other changes (currency translation and allowance related to acquisitions/divestitures) | (28)       | 95         | (49)       |
| <b>Allowance at end of year</b>   | <b>485</b> | <b>496</b> | <b>453</b> |

### Settlement Risk

Our extensive trading activities may give rise to risk at the time of settlement of those trades. Settlement risk is the risk of loss due to the failure of a counterparty to honor its obligations to deliver cash, securities or other assets as contractually agreed.

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 (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. Acceptance of settlement risk on free settlement trades requires approval from our credit risk personnel, either in the form of pre-approved settlement risk limits, or through transaction-specific approvals. We do not aggregate settlement risk limits with other credit exposures for credit approval purposes, but we take the aggregate exposure into account when we consider whether a given settlement risk would be acceptable.

## 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, as described below);
- Foreign exchange risk;
- Commodity price risk.

We assume market risk in both our trading and our nontrading activities. We assume risk by making markets and taking positions in debt, equity, foreign exchange, other securities and commodities as well as in interest rate, equity, foreign exchange, and commodity derivatives.

We use a combination of risk sensitivities, value-at-risk, stress testing and economic capital metrics to manage market risks and establish limits. Economic capital is the metric we use to describe all our market risks, both in trading and nontrading portfolios. Value-at-risk is also a common metric used in the management of our trading risks.

Our Board of Managing Directors and Group Risk Committee, supported by Group Market Risk Management, which is part of our internally independent risk management function, set a Group-wide value-at-risk limit for the market risks in the trading book. Group Market Risk Management sub-allocates this overall limit to our Group Divisions and below that to specific business lines and trading portfolio groups and geographical regions.

Our market risk disclosures for the trading businesses are based on German banking regulations, which permit banks to calculate market risk capital using their own internal models. In October 1998, the German Banking Supervisory Authority (now the German Federal Financial Supervisory Authority) approved our internal market risk models for calculating market risk capital for our general market risk and issuer-specific risk. It confirmed its approval in 2000, after a further review and subsequent to our acquisition of Bankers Trust and in 2002, this approval was renewed. We use our internal value-at-risk model, which we describe below, to calculate the market risk component of our regulatory capital.

Our value-at-risk disclosure is intended to ensure the consistency of market risk reporting for internal risk management, for regulatory purposes and for external disclosure. The overall value-at-risk limit for our Corporate and Investment Bank Group Division was € 73 million throughout the year 2002 (with a 99% confidence level, as we describe below, and a one-day holding period), except for the time period from January 8 to February 25, 2002 when we temporarily increased the limit to € 100 million. The value-at-risk limit for our consolidated Group trading positions was € 77 million throughout the year 2002, except for the time period from January 8 to February 25, 2002 when we temporarily increased the limit to € 100 million.

## Market Risk Management Framework



### **Differences in Market Risk Reporting between German Banking Regulations and U.S. GAAP**

There are two significant areas where our determination of which assets are trading assets and which are nontrading assets differ under German banking regulations and U.S. GAAP.

First, material differences in the classification of assets as trading assets occur in some of our business units, which are considered to be trading units for regulatory and internal risk management reporting. In these units we have assets which are included in the value-at-risk of the trading units even though they are not trading assets under U.S. GAAP. These assets typically consist of money market loans and of tradable loans and are primarily assigned to our Global Markets Finance and Global Corporate Finance business lines. At year-end 2002, an amount of € 3.9 billion of loans was classified as trading assets for regulatory reporting. This amount was similar at year-end 2001.

Second, we have differences due to the application of hedge accounting. At December 31, 2002 the fair value of these transactions amounted to € 1.9 billion in assets and € 1.2 billion in liabilities. These differences were not material at year-end 2001.

In addition, we exclude from our value-at-risk figures the foreign exchange risk arising from currency positions that German regulation permits us to exclude from currency risk reporting. These are currency positions which are fully deducted from, or covered by, equity capital recognized for regulatory reporting, plus partial hedges on such equity capital, as well as shares in affiliated companies that we record in foreign currency and value at historical cost – all of which we refer to as structural currency positions. This approach is in accordance with German banking regulations and has the consent of the German Federal Financial Supervisory Authority. These holdings had a total book value of € 11.7 billion on December 31, 2002. Of this amount, 66% was denominated in U.S. dollars, 17% in pounds sterling, and 7% in Japanese yen. The remainder was distributed among various other currencies.

Also, we do not consolidate for German regulatory reporting purposes companies that are not credit institutions, financial services institutions, financial enterprises or bank service enterprises. However, we do consolidate a number of these companies under U.S. GAAP. These companies include primarily our insurance companies and certain investment companies. These companies manage their market risks themselves (pursuant to the regulations applicable to these companies' risk management activities) and we do not include them in this market risk management disclosure. At December 31, 2002, these companies held € 12.1 billion of nontrading assets, while they did not hold any trading assets.

### **Value-at-Risk (VaR) Analysis**

We use the value-at-risk approach to derive quantitative measures for our trading book market risks under normal market conditions.

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 confidence level. 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% confidence 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, i.e. if the portfolio is held without change for ten days, there is a 1% chance that the portfolio's market value would decline by an amount greater than the value-at-risk figure.

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 implied volatilities. The model incorporates both linear and nonlinear effects of the risk factors on the portfolio value. In our model, the nonlinear 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.

Before and during 2001 we used an assumption of zero correlation among the various risk classes which means we assumed that losses in the various risk classes occur independently of one another. In 2002 we moved to an aggregation approach based on full correlation among the various risk classes.

The value-at-risk for interest rate and equity price risks consists of two components each. The general risk describes value changes due to general market movements, while the specific risk has issuer-related causes. When aggregating general and specific risks, we assume that there is zero correlation between them.

We calculate value-at-risk using Monte Carlo simulations. A Monte Carlo simulation is a model that calculates profit or loss for a transaction for a large number (such as 10,000) of different market scenarios, which are generated by assuming a joint (log-) normal distribution of market prices based on the observed statistical behavior of the simulated risk factors in the last 261 trading days. However, we still use a variance-covariance approach to calculate specific interest rate risk for some portfolios, such as in our integrated credit trading and securitization businesses.

We use back-testing on our trading units to verify the predictive power of the value-at-risk calculations. In back-testing, we compare the hypothetical daily profits and losses under the buy-and-hold assumption (in accordance with German regulatory requirements) with the estimates we had forecast using the value-at-risk model.

A back-testing committee meets on a quarterly basis to discuss back-testing results of the Group as a whole and individual businesses. 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, which in turn allows us to improve the risk estimation process.

## Back-Testing

### Stress Testing and Economic Capital

While value-at-risk, calculated on a daily basis, supplies forecasts for potential large losses under normal market conditions, we perform stress tests in which we value our trading portfolios under extreme market scenarios not covered by the confidence interval of our value-at-risk models.

The quantification of market risk under extreme stress scenarios forms the basis of our assessment of the economic capital that we estimate is needed 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.

For example, we calculate country-specific event risk scenarios for all emerging markets and assess these event risk results daily. A committee reviews the country risk ratings and scenario loss limits bi-weekly. In addition to the country-specific event risk scenarios for Emerging Markets, we also run regular (weekly) market stress scenarios on the positions of every major trading portfolio.

Our stress test scenarios include:

- price and volatility risks for interest rate, equity price, foreign exchange and commodity prices for industrialized countries. This covers both trading and nontrading securities and investments, as well as trading book derivatives portfolios and includes many basis risks;
- Emerging Markets' risks, including equity price declines, strong interest rate movements and currency devaluations;
- credit spread risks for bonds and traded loans of both industrialized and Emerging Markets countries;
- underwriting risks in debt and equity capital markets.

We aggregate the economic capital numbers by aggregating losses from those stress scenarios using correlations that reflect stressed market conditions (rather than the normal market correlations used in the value-at-risk model). These calculations are performed weekly.

On December 31, 2002 our economic capital calculation for market risk arising from the trading units totaled € 0.9 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 ongoing development and allocate substantial resources to reviewing and improving them.

Our stress testing results and economic capital estimations are limited by the obvious fact that our stress tests are necessarily limited in number and not all downside scenarios can be predicted and simulated. Whilst the risk managers have used their best judgement to define worst case losses, with the knowledge of past extreme market moves, it is possible for our market risk positions to lose more value than even our economic capital utilization estimates.

Our value-at-risk analyses should also be viewed in the context of the limitations of the methodology we use and are therefore not maximum amounts that we can lose on our market risk positions. The limitations of the value-at-risk methodology include the following:

- the use of historical data as a proxy for estimating future events may not capture all potential events, particularly those which are extreme in nature;
- the assumption that changes in risk factors follow a normal or logarithmic normal distribution. This may not be the case in reality and may lead to an underestimation of the probability of extreme market movements;
- the use of a holding period of one day (or ten days for regulatory value-at-risk calculations) assumes that all positions can be liquidated or hedged in that period of time. This assumption does not fully capture the market risk arising during periods of illiquidity, when liquidation or hedging in that period of time may not be possible. This is particularly the case for the use of a one-day holding period;
- the use of a 99% confidence level does not take account of, nor makes any statement about, any losses that might occur beyond this level of confidence;
- we calculate value-at-risk at the close of business on each trading day. We do not subject intra-day exposures to intra-day value-at-risk calculations;
- value-at-risk does not capture all of the complex effects of the risk factors on the value of positions and portfolios and could, therefore, underestimate potential losses. For example, the way sensitivities are represented in the value-at-risk model may only be exact for small changes in market parameters.

We believe that the aggregate value-at-risk estimates for our consolidated Group as a whole stand up well against our back-testing procedures (as measured by the number of hypothetical buy-and-hold portfolio losses against the predicted value-at-risk). However, we acknowledge the limitations in the value-at-risk methodology by supplementing 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.

The following table shows the value-at-risk of our trading units in 2002 and 2001. 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 confidence 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 values-at-risk relating to the individual risk factors. Simply adding the value-at-risk figures of the individual risk classes to arrive at an aggregate value-at-risk would imply the assumption that the losses in all risk categories occur simultaneously.

**Value-at-Risk of the  
Trading Units of Our  
Corporate and Invest-  
ment Bank Group  
Division**

The following table shows the value-at-risk of our trading units:

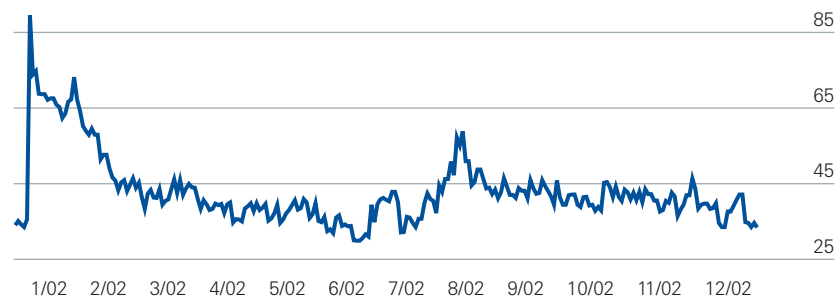
| in € m.  | Total <sup>1</sup> |       | Diversification Effect |       | Interest Rate Risk |       | Equity Price Risk |       | Foreign Exchange Risk |       | Commodity Price Risk |      |
|----------|--------------------|-------|------------------------|-------|--------------------|-------|-------------------|-------|-----------------------|-------|----------------------|------|
|          | 2002               | 2001  | 2002                   | 2001  | 2002               | 2001  | 2002              | 2001  | 2002                  | 2001  | 2002                 | 2001 |
| Average  | 42.38              | 41.02 | 30.90                  | 23.19 | 35.63              | 34.91 | 24.28             | 19.90 | 8.02                  | 6.19  | 5.35                 | 3.22 |
| Maximum  | 88.86              | 55.38 | 47.54                  | 30.60 | 58.48              | 51.69 | 89.26             | 35.04 | 29.25                 | 16.61 | 8.66                 | 7.60 |
| Minimum  | 29.36              | 27.89 | 21.17                  | 16.68 | 24.67              | 22.35 | 13.43             | 11.67 | 2.64                  | 2.87  | 2.28                 | 1.78 |
| Year-end | 32.94              | 40.53 | 22.50                  | 21.11 | 29.12              | 34.88 | 13.75             | 20.09 | 6.84                  | 3.15  | 5.73                 | 3.52 |

<sup>1</sup> Total for 2002 based on full correlation, total for 2001 based on zero correlation among the risk classes.

The following graphs show the daily aggregate value-at-risk of our trading units in 2002 and 2001, including diversification effects:

#### Daily Value-at-Risk of Trading Units in 2002\*

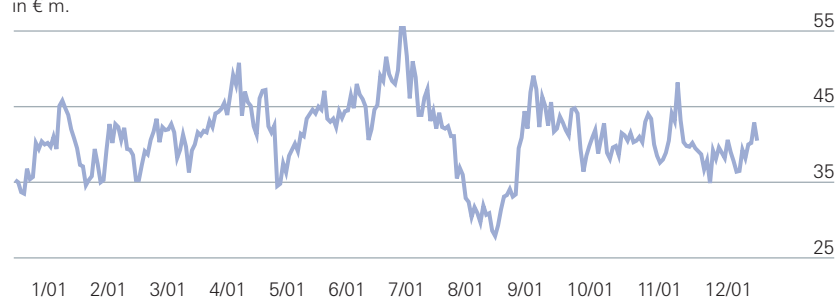
in € m.



\* Value-at-risk for 2002 based on full correlation, while value-at-risk for 2001 based on zero correlation among the risk classes.

#### Daily Value-at-Risk of Trading Units in 2001\*

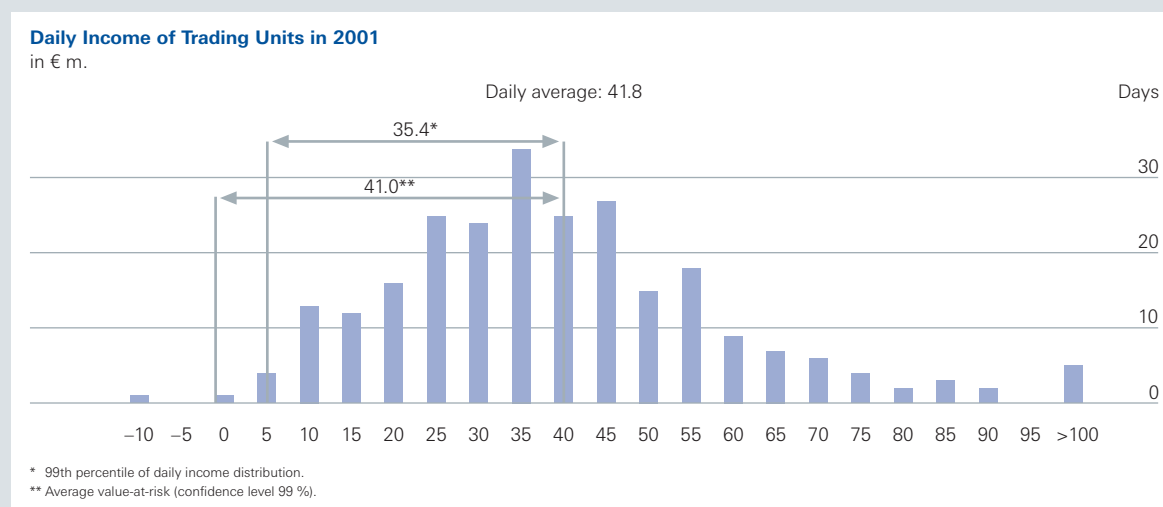
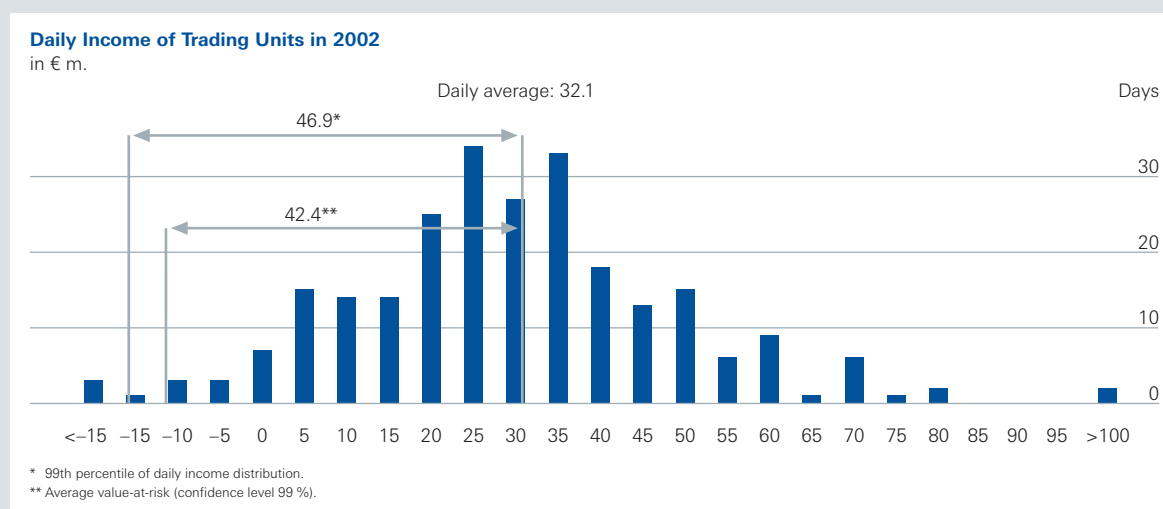
in € m.



\* Value-at-risk for 2002 based on full correlation, while value-at-risk for 2001 based on zero correlation among the risk classes.

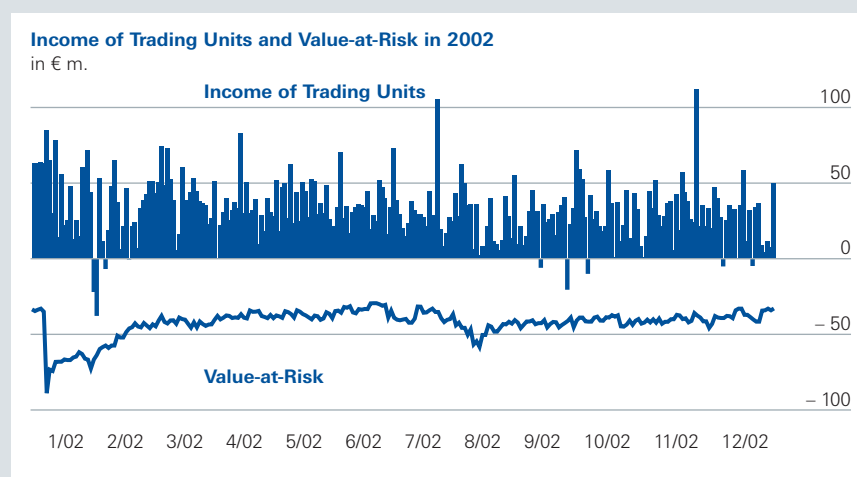
Our trading value-at-risk largely fluctuated between € 30 million and € 45 million in 2002, with two exceptions. The start of year peak was driven by a large equity position that resulted from an underwriting transaction that took time to sell down, for which a temporary limit increase to € 100 million was granted. The August spike above € 45 million was primarily driven by above-average interest rate risk positions that were taken in anticipation of interest rate cuts.

The following histograms show the distribution of actual daily income of our trading units in 2002 and 2001. The histograms indicate, for each year, the number of trading days on which we reached each level of trading income shown on the horizontal axis in millions of euro. The trading units achieved a positive income for over 99% of the trading days in 2001 and for over 96% of the trading days in 2002. On no trading day in either year did they incur an actual loss that exceeded the value-at-risk estimate for that day:



The comparison of the distribution of our trading units' actual daily income with the average value-at-risk enables us to ascertain how reasonable our value-at-risk estimate is. The histogram for 2002 shows that the actual distribution of our trading units' income produces a 99th percentile of € 46.9 million below the average daily income level of € 32.1 million. This compares with the average value-at-risk estimate of € 42.4 million and is larger due to the fact that there were ten loss-making trading days in 2002 (of which only four were greater than € 10 million and none were greater than the value-at-risk estimate), as opposed to only two loss-making days in 2001.

The value-at-risk and actual income of the trading units throughout the year are shown in the following graph:



In addition, there were two hypothetical buy-and-hold losses that exceeded our value-at-risk estimate for the trading units as a whole in 2001 and one hypothetical loss exceeding the value-at-risk in 2002. This is in line with the expected two to three outliers a year that a 99% confidence level value-at-risk model ought to predict.

### Market Risk in Our Nontrading Portfolios

These risks constitute the largest portion of the market risks of our consolidated Group. We do not use value-at-risk as the primary metric for our nontrading portfolios because of the nature of these positions as well as the lack of transparency of some of the pricing. Instead we assess the risk of these portfolios, the biggest of which is equity price risk, through the use of stress testing procedures that are particular to each risk class and which take into account the liquidity of each asset class. This assessment forms the basis of economic capital estimates needed to support the portfolios using a methodology which is consistent with that used for the trading risk positions. These economic capital estimates enable us to apply a constant and uniform measure across all of our nontrading portfolios and thereby actively monitor and manage the risks. The interest rate and foreign exchange risks arising from our nontrading portfolios have been transferred to our Global Markets Finance business line within our Corporate and Investment Bank Group Division and are managed on the basis of value-at-risk. There are nontrading market risks held and managed in our Corporate and Investment Bank Group Division, our Private Clients and Asset Management Group Division and our Corporate Investments Group Division.

On December 31, 2002, our economic capital total measurement for all corporate investments and alternative assets was € 8.3 billion, which included € 3.2 billion for private equity, € 2.0 billion for industrial holdings and € 1.1 billion for real estate investments. This economic capital assessment does not presume any diversification benefits between the risks of the different assets.

In our Corporate and Investment Bank Group Division, the majority of nontrading market risk arises from holdings in listed equity investments, including a € 496 million holding in Axel Springer Verlag AG. Our Private Clients and Asset Management Group Division primarily incurs nontrading market risk through its proprietary investments in mutual funds, hedge funds and real estate which support the client asset management businesses. Our Corporate Investments Group Division's nontrading market risks remain by far the biggest in the Group and are mainly incurred through private equity and various legacy funds and equity investments.

The total market value of our consolidated Group's nontrading equity investments under U.S. GAAP consisted of € 8.0 billion of equity securities available for sale (including the industrial holdings, the largest of which are shown in the table below) at December 31, 2002 and of € 24.2 billion at year-end 2001. In addition, other investments held at equity totaled € 6.0 billion at December 31, 2002 and € 5.3 billion at year-end 2001 and the book value of our other investments not held at equity totaled € 4.7 billion at December 31, 2002 compared to € 6.7 billion at year-end 2001. For further information on our other investments, in particular our investments held at equity, see Note [6] to the consolidated financial statements.

The asset and liability positions of some subsidiaries, including Deutsche Bank Privat- und Geschäftskunden, Deutsche Bank Lübeck, Deutsche Bank International Limited and Deutsche Bank Saar give rise to some nontrading book market risks but are a small portion of the total, especially since the deconsolidation of our mortgage bank subsidiary, EUROHYPO, from our financial statements in August (the vast majority of the general interest rate risk of the nontrading loan books is passed onto the Corporate and Investment Bank Group Division and managed within the trading book).

**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.



**Group Corporate Investment/Alternative Assets Committee.** To ensure a coordinated investment strategy, a consistent risk management process and appropriate portfolio diversification, our Group Corporate Investment/Alternative Assets Committee (which a member of our Board of Managing Directors chairs), supervises all of our alternative assets investment activities. The Global Head of Group Market Risk Management is also the Chief Risk Officer for Corporate Investments and Alternative Assets and is a member of the Group Corporate Investment/Alternative Assets Committee.

The Group Corporate Investment/Alternative Assets 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 Group Corporate Investment/Alternative Assets Committee receives monthly portfolio reports showing performance, estimated market values, economic capital usage derived from stress tests and risk profiles of the investments. The committee also oversees the portfolio of industrial holdings and other strategic investments in entities held in our Corporate Investments Group Division. The Group Corporate Investment/Alternative Assets Committee has established dedicated investment commitment committees for each alternative asset category.

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.

As of December 31, 2002 the book value of our alternative assets investment portfolio amounted to € 9.7 billion. It consisted of € 5.3 billion of private equity investments, € 4.0 billion of real estate investments and € 0.4 billion of hedge fund investments.

The portfolio is dominated by the private equity and real estate investments which totaled € 9.3 billion as of December 31, 2002 (at the end of 2001 the book value of our private equity and real estate investments was € 11.0 billion). They were primarily invested in Western Europe (60%) and North America (35%). In terms of industrial sectors we believe the majority of the private equity portfolio is well diversified. Of the above € 5.3 billion, a € 2.1 billion portion was held in funds managed by external managers.

On December 31, 2002, our (undiversified) economic capital measurement for alternative assets under the aegis of the Group Corporate Investment/Alternative Assets Committee (excluding industrial holdings) totaled € 4.5 billion. Our economic capital measurement for alternative assets at the end of 2001 totaled € 5.3 billion (total recalculated for 2001 based on definition of alternative assets above).

**Management of Our Mutual Funds.** Our mutual fund investments (held in the Private Clients and Asset Management Group Division) amounted to € 1.1 billion at December 31, 2002 and support our broad asset management fund offerings to clients, sometimes being used to seed new funds. They were invested predominantly in securities and shares of Western European (mainly German) issuers and across a broad mix of industries (including governments). Our economic capital estimate for the risk arising from these holdings was € 133 million. At year-end 2001 our mutual fund investments amounted to € 5.5 billion.

The amount of our mutual fund investments has declined mainly because we have sold our investments in special funds in early 2002.

**Management of Our Industrial Holdings.** DB Investor is responsible for administering and restructuring our industrial holdings portfolio. However, Deutsche Bank AG holds some industrial holdings directly. DB Investor currently plans to continue selling most of its publicly listed holdings over the next few years, subject to the legal environment and market conditions.

We deem equity investments in nonbanking enterprises to be significant if their market value exceeds € 150 million. The total percentages and market values of the significant nonbank holdings directly and/or indirectly attributable to us were as follows on December 31, 2002 and on December 31, 2001:

| Dec 31, 2002   | Country of Domicile | Share of Capital (in %) | Market Value (in € m.) |
|--|---------------------|-------------------------|------------------------|
| DaimlerChrysler AG   | Germany             | 11.8                    | 3,403                  |
| Allianz AG   | Germany             | 3.2                     | 753                    |
| Linde AG   | Germany             | 10.0                    | 401                    |
| HeidelbergCement AG<br>(previously Heidelberger Zement AG) | Germany             | 8.5                     | 189                    |
| <b>Total</b>   |                     |                         | <b>4,746</b>           |

| Dec 31, 2001                                | Country of Domicile | Share of Capital (in %) | Market Value (in € m.) |
|---|---------------------|-------------------------|------------------------|
| DaimlerChrysler AG                          | Germany             | 12.1                    | 5,861                  |
| Münchener Rückversicherungs-Gesellschaft AG | Germany             | 7.2                     | 3,889                  |
| Allianz AG                                  | Germany             | 4.0                     | 2,806                  |
| Linde AG                                    | Germany             | 10.1                    | 552                    |
| RWE AG                                      | Germany             | 1.5                     | 360                    |
| Südzucker AG                                | Germany             | 11.3                    | 313                    |
| Heidelberger Zement AG                      | Germany             | 8.9                     | 287                    |
| Buderus AG                                  | Germany             | 10.5                    | 204                    |
| Mg technologies ag                          | Germany             | 9.1                     | 166                    |
| Continental AG                              | Germany             | 8.2                     | 162                    |
| Fiat S.p.A.                                 | Italy               | 1.6                     | 155                    |
| Bayer AG                                    | Germany             | 0.6                     | 154                    |
| <b>Total</b>                                |                     |                         | <b>14,909</b>          |

### Liquidity Risk

Liquidity risk management has been instrumental in maintaining a healthy funding profile during this period of general economic weakness.

### Funding Matrix

We have mapped all of our funding relevant assets and liabilities in time buckets corresponding to their maturities to create what we call the "Funding Matrix". 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 liquidity characteristics). We have modeled assets and liabilities from the retail bank that show a behavior of being renewed or prolonged regardless of capital market conditions (mortgage loans and retail deposits) and assigned them to time buckets accordingly. Wholesale banking products are bucketed based on their contractual maturities. We use the expected holding period to assign corporate investments to the Funding Matrix.

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. Funding Matrix and issuance plan form the basis to determine the liquidity spread which is one component of the internal transfer price.

On the basis of this model we have not identified any material funding mismatches. In fact, considering capital, we are structurally long funded.

### Short-term Liquidity

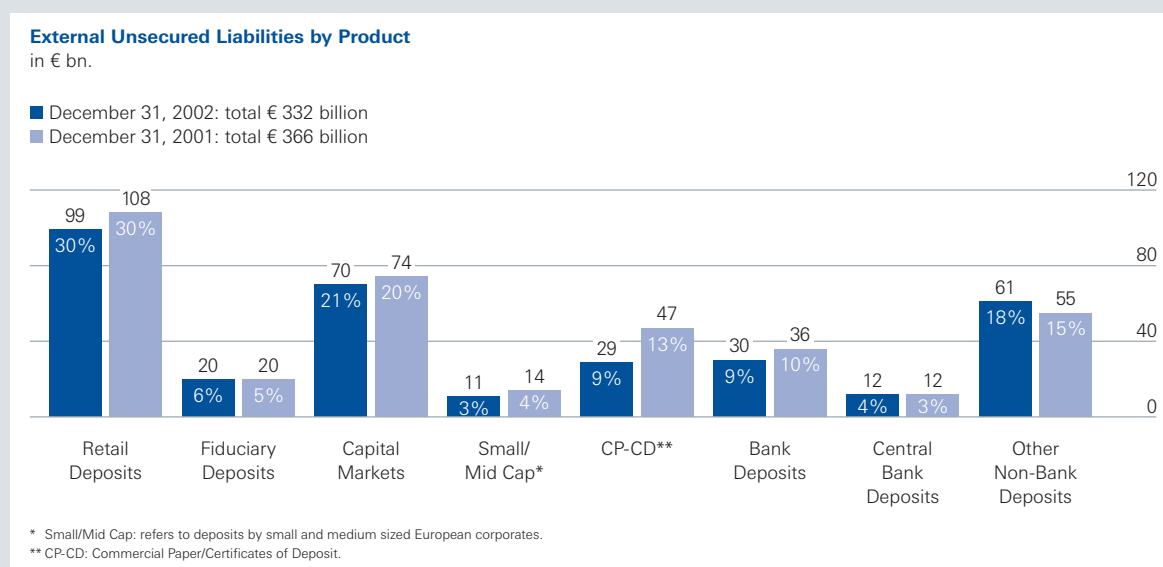
We have established a system to track net cash outflows over an eight-week horizon. This system allows management to assess our short-term liquidity position in any location, region and globally on a by-currency and by-product basis. The system captures all of our cash flows, thereby including liquidity 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 Board of Managing Directors, 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 2002, we have reduced our short-term unsecured wholesale funding (CP and CD, Bank and Central Bank deposits) by approximately € 24 billion (see table below). Our Group Asset and Liability Committee has set limits to restrict utilization of unsecured wholesale funding.

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.

## Funding Diversification and Asset Liquidity



The above chart shows the composition of our unsecured liabilities as of December 31, 2002 both in euro billion and as a percentage of our total unsecured liabilities. Our total unsecured liabilities amounted to approximately € 332 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, 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 € 25 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 attacks of September 11, 2001) or modeled using hypothetical events. They include internal scenarios (such as operational risk, merger or acquisition, credit rating downgrade by 1 and 3 notches) as well as external scenarios (such as market risk, emerging markets, systemic shock and prolonged global recession). In 2002, we added a scenario to evaluate the liquidity impact of a crisis in the German banking sector. 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 salability 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 of December 31, 2002. For each scenario, the table shows what our maximum funding gap would be over an eight-week horizon after occurrence 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 <sup>1</sup><br>in € m. | Liquidity Impact                        | Gap Closure <sup>2</sup><br>in € m. |
|--|-------------------------------------|---|-------------------------------------|
| Market Risk  | 9,975                               | Gradually increasing                    | 74,162                              |
| Emerging Markets   | 14,811                              | Gradually increasing                    | 84,185                              |
| German Banking Crisis                                    | 29,994                              | Gradually increasing                    | 74,162                              |
| Prolonged Global Recession                               | 19,612                              | Gradually increasing                    | 78,247                              |
| Systemic Shock   | 32,253                              | Immediate, duration 2 weeks             | 74,162                              |
| DB downgrade to A1/P1 (short term) and A1/A+ (long term) | 18,010                              | Gradually increasing                    | 74,162                              |
| Operational Risk   | 24,243                              | Immediate, duration 2 weeks             | 74,162                              |
| Merger & Acquisition                                     | 36,478                              | Gradually increasing, pay-out in week 6 | 74,162                              |
| DB downgrade to A2/P2 (short term) and A3/A- (long term) | 53,844                              | Gradually increasing                    | 78,932                              |

<sup>1</sup> Funding gap after assumed partially impaired rollover of liabilities. All assets are renewed.  
<sup>2</sup> Maximum liquidity generation based on counterbalancing and asset salability opportunities.

With the increasing importance of liquidity management in the financial industry, we consider it important to contribute to 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.

In addition to our internal liquidity management systems, the liquidity exposure of German banks is regulated by the German Banking Act and regulations issued by the German Federal Financial Supervisory Authority.

We carry out certain business activities via arrangements with unconsolidated entities. We may provide financial support or otherwise be exposed to risks of loss as a result of these arrangements, typically through guarantees that we provide or subordinated retained interests that we hold. The purposes, risks, and effects of these arrangements are described below. Our use of derivatives indexed to our own stock which are accounted for off-balance sheet is discussed below as well.

We provide financial support related to off-balance sheet activities chiefly in connection with asset securitizations, commercial paper programs, commercial real estate leasing vehicles and closed-end funds and certain fixed-term mutual funds that we manage. The risks from these arrangements are included in our overall assessments of credit, liquidity and market risks.

We may provide financial support in connection with asset securitizations by retaining a subordinated interest in the assets being securitized. 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 our creditors and we have no claim on the assets that 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 extent of our retained interests in securitizations and 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 unconsolidated special purpose entity. 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 unconsolidated entity. The entity then

### **Off-balance Sheet Arrangements with Unconsolidated Entities**

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 whenever we provide a liquidity support facility to the issuer. We may also guarantee the assets of the issuer as part of the facility, giving us secondary credit risk with the first loss taken by the third parties who sold their assets to the entity.

We sponsor commercial real estate leasing vehicles and closed-end funds where third party investors essentially provide senior financing for the purchase of commercial real estate which is leased to other third parties. We typically either provide subordinated financing or we guarantee the investment made by the third parties, which exposes us to real estate market risk, and we receive fees for our administrative services.

For certain fixed-term mutual funds that we manage, we guarantee the value of mutual fund units that investors purchase. The investment policies of these funds are designed to minimize the risk of market value loss which, in turn, mitigates risk of these guarantees.

We may be required to consolidate certain of the entities described above upon the adoption of Interpretation No. 46, "Consolidation of Variable Interest Entities", on July 1, 2003. The impact of the Interpretation and the extent of the financial support we provide for the arrangements described above is disclosed in Note [9] to the consolidated financial statements. Also, the guarantees described above are included in the overall disclosures of guarantees in Note [30] to the consolidated financial statements.

We enter into contracts to purchase Deutsche Bank common shares on a forward basis at a fixed price for purposes of satisfying employee stock compensation awards as they vest. These contracts are entered into with market participants, not special purpose entities. Current accounting rules require that these contracts be recorded off-balance sheet. Please see Note [30] of the consolidated financial statements for further information regarding these contracts.

The following table shows the maturity breakdown of the indicated contractual financial obligations outstanding as of December 31, 2002:

### Contractual Financial Obligations

| in € m.                     |               |               |               |               |              | Due in        | Due after      | Total |
|-----------------------------|---------------|---------------|---------------|---------------|--------------|---------------|----------------|-------|
|                             | 2003          | 2004          | 2005          | 2006          | 2007         | 2007          |                |       |
| Long-term debt <sup>1</sup> | 14,770        | 14,963        | 10,682        | 14,378        | 6,347        | 42,915        | 104,055        |       |
| Capital lease obligations   | 153           | 152           | 147           | 176           | 148          | 1,461         | 2,237          |       |
| Operating lease obligations | 414           | 371           | 288           | 246           | 221          | 946           | 2,486          |       |
| <b>Total</b>                | <b>15,337</b> | <b>15,486</b> | <b>11,117</b> | <b>14,800</b> | <b>6,716</b> | <b>45,322</b> | <b>108,778</b> |       |

<sup>1</sup> Excludes € 3.1 billion of trust preferred securities.

The significant obligations in the above table of contractual financial obligations are included in our overall assessment of liquidity risk.

### Operational Risk

The banking industry, in close dialog with the Basel Committee on Banking Supervision achieved important milestones in 2002 in developing the new Regulatory Operational Risk Framework, although the discussions with the regulators concerning the capital and framework guidelines have not yet ended. On the basis of the regulatory discussion we define operational risk as the potential for incurring losses in relation to employees, project management, contractual specifications and documentation, technology, infrastructure failure and disasters, external influences and customer relationships. This definition includes, among others, legal and regulatory risk.

The development of 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 at the end of 2006 and which will impose a capital charge for operational risks. Moreover the regulators specify in their paper "Sound Practices for the Management and Supervision of Operational Risk" qualitative demands regarding a bank's organization and risk management as well as quantitative directives for risk identification and risk measurement. We are already working towards fulfilling the future requirements.

We are implementing a framework for managing our operational risk on a global basis. A Group Operational Risk Management Policy defines roles and responsibilities for managing and reporting operational risk. Divisional standards supplement this Group policy. Responsibility for operational risk management essentially lies with our Business Divisions. We are implementing four 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 (high risk potential) for business lines, service functions and the Corporate Center. In 2002 db-SAT complements the self-assessment approach. Focus is on business efficiency and improvement of controls.
- 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 for transaction processing risk and information security risk.

### Managing Our Operational Risk



- We will automatically capture action points resulting from risk assessments or db-Score in db-Track. Within db-Track we will monitor the progress of the operational risk action points on an on-going basis.

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 framework implementation in a scorecard, which forms the basis for quarterly review by the Group Operational Risk Committee. As an incentive to implement this framework, we grant certain deductions of the economic capital for operational risk to the Business Divisions. The calculation of economic capital for operational risk is based on a statistical model using external loss data with certain top down adjustments.

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 Group Operational Risk Committee. The latter 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. The Chief Risk Officer Operational Risk is head of our Operational Risk Management, with responsibility to roll-out the Operational Risk framework, i.e. policy, tools, reporting. The Operational Risk Management functions of the Corporate Divisions are part of our independent Operational Risk Management function and report to the Chief Risk Officer Operational Risk.

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.

## Regulatory Risk Reporting

The following table shows the development of our risk position, capital 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 Federal Financial Supervisory Authority:

| in € m. (except percentages)        | Dec 31,<br>2002 | Dec 31,<br>2001 |
|-------------------------------------|-----------------|-----------------|
| Risk-weighted positions             | 231,262         | 297,063         |
| Market risk equivalent <sup>1</sup> | 6,217           | 8,016           |
| <b>Risk position</b>                | <b>237,479</b>  | <b>305,079</b>  |
| Core capital (Tier I)               | 22,742          | 24,803          |
| Supplementary capital (Tier II)     | 7,120           | 12,255          |
| Available Tier III capital          | –               | –               |
| <b>Total capital</b>                | <b>29,862</b>   | <b>37,058</b>   |
| Core capital ratio (Tier I)         | 9.6%            | 8.1%            |
| Capital ratio (Tier I + II + III)   | 12.6%           | 12.1%           |

<sup>1</sup> A multiple of our value-at-risk, calculated with a probability level of 99% and a ten-day holding period.

Our capital adequacy measures consist of the following:

**Risk Position.** Risk-weighted assets relating, in particular, to default risks, and the equivalent for our market risk position (interest rate, exchange rate, share price and commodity price risks). Our regulators permit us to use our internal value-at-risk approach to calculate the market risk position as a component of risk position.

**Capital.** The Total capital which can be used to back the risk position and is recognized for bank regulatory purposes consists of:

- Core capital (Tier I): primarily share capital, reserves and hybrid capital components, such as noncumulative trust preferred securities and equity contributed by silent partners.
- Supplementary capital (Tier II): primarily long-term subordinated liabilities, unrealized gains on listed securities and other inherent loss allowance.
- Tier III capital: mainly short-term subordinated liabilities and excess Tier II capital.

The capital ratio compares a bank's risk position to its regulatory capital. The minimum BIS total capital ratio (Tier I + Tier II + Tier III) is 8% of the risk position. The minimum BIS core capital ratio (Tier I) is 4% of the risk-weighted positions and 2.29% of the market risk equivalent. The minimum core capital ratio for the total risk position therefore depends on the weighted average of risk-weighted positions and market risk equivalent. 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.

In 2002 our risk position decreased by € 67.6 billion to € 237.5 billion on December 31, 2002. The decrease was driven by several factors, mainly the deconsolidation of EUROHYPO and DFS, a weaker U.S. dollar and the reduction of our loan business.

BIS rules and the German Banking Act require us to cover our market risk as of December 31, 2002 with slightly over € 497 million of regulatory capital (Tier I + II + III). We met this requirement entirely with Tier I and Tier II capital.

Our U.S. GAAP based Total capital was € 29.9 billion on December 31, 2002 and our core capital (Tier I) was € 22.7 billion, compared to € 37.1 billion and € 24.8 billion on December 31, 2001. Our supplementary capital (Tier II) of € 7.1 billion on December 31, 2002 amounted to 31 % of our core capital.

Our capital ratio was 12.6% on December 31, 2002, significantly higher than the 8% minimum required by the BIS guidelines. Our core capital ratio was 9.6% in relation to the total risk position (including market risk equivalent).

### Overall Risk Position

To calculate our overall (nonregulatory) risk position, we aggregate the economic capital figures for all types of risk. This corresponds to a conservative assumption that very severe losses occur simultaneously in all types of risk, i.e. the different risk types are 100% correlated. For credit risk economic capital, cross-divisional diversification effects of the credit portfolio are separately calculated for the Corporate and Investment Bank Group Division, the Private Clients and Asset Management Group Division and the Corporate Investments Group Division, resulting in € 7.9 billion, € 1.0 billion and € 0.1 billion respectively. These numbers are then aggregated for all Group Divisions which again is a conservative assumption, i.e. diversification benefits between Group Divisions respectively are not taken into account.

On December 31, 2002, our economic capital totaled € 20.6 billion, compared to € 20.9 billion as of December 31, 2001, while our BIS Tier I capital is € 22.7 billion. This does not include liquidity risk, the risk of our insurance companies or the risk of the industrial holdings of DB Investor. The following table highlights that the year-end 2002 allocation of the total economic capital among the risk types remained largely unchanged compared to year-end 2001:

| Economic Capital<br>in € m. | Dec 31,<br>2002 | Dec 31,<br>2001 |
|-----------------------------|-----------------|-----------------|
| Credit risk                 | 8,942           | 9,064           |
| Market risk                 | 7,191           | 7,257           |
| Operational risk            | 2,449           | 2,538           |
| Business risk               | 1,978           | 2,026           |
| <b>Total</b>                | <b>20,560</b>   | <b>20,885</b>   |

## 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 transactions, 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 4, 2003  
Deutsche Bank AG



Josef Ackermann



Clemens Börsig



Tessen von Heydebreck



Hermann-Josef Lamberti

## Independent Auditors' Report

We have audited the consolidated financial statements, comprising the balance sheet, the income statement, the statement of comprehensive income and the statement of changes in shareholders' equity and cash flows as well as the notes to the financial statements prepared by Deutsche Bank AG for the business year from January 1, 2002 to December 31, 2002. The preparation and the content of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and in supplementary compliance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group for the business year in accordance with accounting principles generally accepted in the United States of America.

Our audit, which also extends to the structured presentation of additional disclosures with regard to the Group's position required by Article 36 of the 7th EU Directive prepared by the Company's management for the business year from January 1, 2002 to December 31, 2002, has not led to any reservations. In our opinion on the whole the structured presentation, together with the other disclosures in the consolidated financial statements, provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the structured presentation of additional disclosures with regard to the Group's position for the

business year from January 1, 2002 to December 31, 2002 satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and the group management report in accordance with German law.

Frankfurt am Main, March 11, 2003  
KPMG Deutsche Treuhand-Gesellschaft  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft



Nonnenmacher  
Wirtschaftsprüfer



Keese  
Wirtschaftsprüfer

## Report of the Supervisory Board



**Dr. Rolf-E. Breuer**  
Chairman of the Supervisory Board

At five regular meetings last year, the Supervisory Board advised the Board of Managing Directors and monitored its management of business. The Board of Managing Directors informed the Supervisory Board regularly, without delay and comprehensively, and presented all matters to the Supervisory Board that required its decision.

The Supervisory Board regularly held discussions with the Board of Managing Directors on business policies and other fundamental issues relating to corporate planning, management and strategy, the bank's financial development and earnings situation, and the bank's risk management as well as transactions that were of significant importance to the bank. Furthermore, current topics and decisions were also dealt with in regular discussions between the Spokesman of the Board of Managing Directors and the Chairman of the Supervisory Board. Particular importance attached to the Supervisory Board's deliberations on the bank's four key strategic initiatives (focus on current earnings, focus on core businesses, improvement of capital and balance sheet management, optimization of the PCAM Group Division), on the difficult national and international economic and political environment, and on the enhancement of the bank's Corporate Governance Principles to comply with the new German Corporate Governance Code and the U.S. Sarbanes-Oxley Act. This enhancement served to define more precisely the cooperation between the Board of Managing Directors and the Supervisory Board and also resulted in new versions of the Terms of Reference for the Chairman's Committee and the Audit Committee. Additional information on corporate governance is given in the Corporate Governance Report 2002.

**Meetings of the Supervisory Board.** At its meeting on January 30, 2002, the Supervisory Board discussed the development of business in 2001, the key figures of the Annual Financial Statements for 2001, and the plan for the years 2002 to 2004. Discussions were also held with the Board of Managing Directors on the realignment of the management structure and the formation of the Group Executive Committee as well as the Operating Committees and Functional Committees.

At the meeting on March 22, 2002, the Annual Financial Statements for 2001 were approved and thus established. Furthermore, the resolution proposals for the agenda of the General Meeting 2002 were approved and the Supervisory Board was informed about risk management in the Group.

At the Supervisory Board meeting directly following the General Meeting on May 22, 2002, Dr. Breuer was elected Chairman of the Supervisory Board, of the Chairman's Committee, and of the Credit and Market Risk Committee and Dr. Baumann was elected Chairman of the Audit Committee.

On July 31, 2002, the Supervisory Board was informed of the development of business in the first half of 2002. It gave its approval to the sale of certain industrial shareholdings of the bank. The Board of Managing Directors furthermore informed the Supervisory Board about the strategic realignment of the bank and about the outsourcing of significant parts of the IT infrastructure and IT services.

At the Supervisory Board's last meeting of the year on October 30, 2002, the development of business in the first nine months was discussed. The bank's Corporate Governance Principles, adjusted to the German Corporate Governance Code, were approved along with the revised Terms of Reference for the Supervisory Board, for the Chairman's Committee and for the Audit Committee. Together with the Board of Managing Directors, the Supervisory Board resolved the wording and the issuing of the statement of compliance in accordance with § 161 of the German Stock Corporation Act. In addition, the bank's human resources report on staff development and succession planning was discussed and the resolution was taken on the increase of the bank's share capital required in connection with the issue of staff shares and option rights.

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 in the year 2002.

**The Committees of the Supervisory Board.** The Chairman's Committee met five times during the reporting period. At its meetings, the Committee handled not only issues relating to the Board of Managing Directors, but also those concerning the bank's Corporate Governance Principles, succession planning and the process of selecting new Supervisory Board members.

At its six meetings, the Credit and Market Risk Committee discussed commitments subject to mandatory approval under German law and the Articles of Association and all major loans and loans entailing increased risks. Where necessary, the Committee gave its approval. Apart from credit, liquidity, country and market risks, the Committee also reviewed operational risks. Furthermore, the global industry portfolios were presented and discussed at length.

The Audit Committee met three times during the period under review. Representatives of the bank's auditor also attended its meetings. Subjects covered were the audit and approval of the Annual Financial Statements and Consolidated Financial Statements, the review of the quarterly financial statements, relations with the auditor, the proposal for the election of the auditor, the auditor's remuneration and the audit mandate, including the specification of certain focal points for the audit as well as the control of the independence of the auditor. Furthermore, the Committee



extensively discussed the handling of the effects of the Sarbanes-Oxley Act on the Audit Committee's working procedures and its relations with the auditor. The Audit Committee had reports submitted to it regularly on the work of Internal Audit and was able to convince itself that the auditor had no conflicts of interest.

The Mediation Committee, established pursuant to the regulations of the Co-Determination Act, was not convened in 2002.

**Annual Financial Statements.** Representatives of the bank's auditor attended the Financial Statements Meetings of the Supervisory Board and of the Credit and Market Risk Committee and commented on questions raised.

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 Statements for 2002 and the Management Report as well as the Consolidated Financial Statements with Notes, and issued an unqualified opinion. The relevant reports of the auditor were given to the Supervisory Board for inspection. The Supervisory Board agreed with the results of this audit.

Today, the Supervisory Board established the Annual Financial Statements prepared by the Board of Managing Directors; it also gave its approval to the Consolidated Financial Statements. The Supervisory Board agrees with the proposal for the appropriation of profits.

**Personnel issues.** Mr Kopper resigned from the Supervisory Board with effect from the end of the General Meeting on May 22, 2002. The Supervisory Board thanks him for his efficient and successful leadership of the body during his five years as Chairman of the Supervisory Board of Deutsche Bank AG. As his successor with effect from May 22, 2002, the General Meeting elected Dr. Breuer, who left the Board of Managing Directors on the same day and was elected Chairman of the Supervisory Board at its meeting directly following the General Meeting.

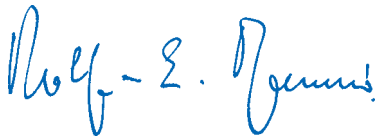
With the election of Dr. Baumann as Chairman of the Audit Committee on May 22, 2002, the Supervisory Board complied with the suggestion made by the German Corporate Governance Code that the office of the Chairman of the Audit Committee should not be filled by a former member of the Board of Managing Directors.

With effect from January 30, 2002, Dr. Fischer, who had been a full member of the Board of Managing Directors since January 1, 1999, resigned from the bank at his own request. Also on January 30, 2002, Mr Philipp left the Board of Managing Directors and on March 27, 2002,

at his own request, the bank. Mr Fitschen requested that he be relieved of his duties as member of the Board of Managing Directors of the bank with effect from January 30, 2002, in order to devote himself, as member of the Group Executive Committee, to the divisions Global Transaction Banking, Global Banking Division and Global Relationship Management Germany, for which he is responsible. The Supervisory Board thanks all these gentlemen for their successful activity and for their valuable contributions to the further development of the bank.

The Supervisory Board thanks the Board of Managing Directors and the bank's employees for their great personal dedication.

Frankfurt am Main, March 21, 2003  
The Supervisory Board



Dr. Rolf-E. Breuer  
Chairman

## Supervisory Board

### **Hilmar Kopper**

until May 22, 2002  
– Chairman,  
Frankfurt am Main

### **Dr. Rolf-E. Breuer**

from May 22, 2002  
– Chairman,  
Frankfurt am Main

### **Heidrun Förster\***

– Deputy Chairperson,  
Deutsche Bank Privat- und  
Geschäftskunden AG, Berlin

### **Dr. rer. oec.**

#### **Karl-Hermann Baumann**

Chairman of the Supervisory  
Board of Siemens Aktien-  
gesellschaft, Munich

### **Dr. Ulrich Cartellieri**

Frankfurt am Main

### **Klaus Funk\***

Deutsche Bank Privat- und  
Geschäftskunden 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 TRUMPF GmbH  
+ Co. KG, Ditzingen

### **Margret Mönig-Raane\***

Vice President of  
Unified Services Union, Berlin

### **Dr. Michael Otto**

Chairman of the Board of Man-  
agement of Otto (GmbH &  
Co KG), Hamburg

### **Klaus Schwedler\***

Deutsche Bank AG, 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

### **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 from 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

## Advisory Board

### **Dr. Mark Wössner**

until March 26, 2002  
– Chairman,  
Munich

### **Ulrich Hartmann**

until March 26, 2002  
– Deputy Chairman,  
from March 26, 2002  
– Chairman,  
Chairman of the Board  
of Managing Directors of  
E.ON AG, Düsseldorf

### **Werner Wenning**

from March 26, 2002  
– Deputy Chairman,  
Chairman of the Board  
of Managing Directors of  
Bayer AG, Leverkusen

### **Carl L. von Boehm-Bezing**

Frankfurt am Main

### **Sir John Craven**

until March 12, 2002,  
London

### **Dr. jur. Walter Deuss**

KarstadtQuelle AG, Essen

### **Michael Dobson**

until May 5, 2002,  
Frankfurt am Main

### **Dr. Karl-Gerhard Eick**

Member of the Board  
of Management 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**

until December 31, 2002,  
Ministre de l'Économie,  
des Finances et de l'Industrie,  
Paris

### **August Oetker**

General Partner of  
Dr. August Oetker KG, Bielefeld

### **Eckhard Pfeiffer**

Houston

### **Dr. techn. h.c. Dipl.-Ing. ETH**

### **Ferdinand Piëch**

until April 16, 2002,  
Chairman of the Supervisory Board  
of Volkswagen AG, Wolfsburg

### **Dr. Bernd Pischetsrieder**

from April 16, 2002,  
Chairman of the Board of  
Management of Volkswagen AG,  
Wolfsburg

### **Dr. Wolfgang Reitzle**

from November 1, 2002,  
President and CEO of Linde AG,  
Wiesbaden

### **Dr. rer. pol. Michael Rogowski**

President, Federation of German  
Industries,  
Chairman of the Supervisory Board  
of J. M. Voith AG, Heidenheim

### **Dr. rer. pol. Dipl.-Kfm.**

### **Gerhard Rüschen**

Bad Soden am Taunus

### **Dr. Ronaldo H. Schmitz**

Frankfurt am Main

### **Jürgen E. Schrempp**

Chairman of the Board of  
Management of  
DaimlerChrysler AG, Stuttgart

### **Dipl.-Ing. Hans Peter Stihl**

General Partner of  
STIHL Holding AG & Co. KG,  
Waiblingen

### **Dr. Frank Trömel**

until March 26, 2002,  
Deputy Chairman of the  
Supervisory Board of DELTON AG,  
Bad Homburg vor der Höhe

### **Marcus Wallenberg**

Executive Vice President  
INVESTOR AB, Stockholm

### **Dr. Ulrich Weiss**

Frankfurt am Main

### **Dr. Jürgen Zech**

until May 22, 2002,  
Cologne

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**SECTION III: RECENT DEVELOPMENTS IN THE ISSUER'S BUSINESS**

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## 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

During the last two financial years Deutsche Bank has not been nor is it involved (whether as defendant or otherwise) in, nor does it have knowledge of any threat of any legal, arbitration, administrative or other proceedings the result of which may have, in the event of an adverse determination, a significant effect on the financial condition of Deutsche Bank.

Due to the nature of Deutsche Bank's business, Deutsche Bank and its subsidiaries 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 its businesses. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, Deutsche Bank does not believe that the outcome of these proceedings will have a material adverse effect on its financial condition or results of its operations.

On 20 December, 2002, the U.S. Securities and Exchange Commission, the National Association of Securities Dealers, the New York Stock Exchange, the New York Attorney General, and the North American Securities Administrators Association (on behalf of state securities regulators) announced an agreement in principle with ten investment banks to resolve investigations relating to research analyst independence. Deutsche Bank Securities Inc. ("DBSI"), Deutsche Bank's U.S. SEC-registered broker-dealer subsidiary, was one of the ten investment banks. Pursuant to the agreement in principle, and subject to finalization and approval of the settlement by DBSI, the Securities and Exchange Commission and state regulatory authorities, DBSI agrees, among other things: (i) to pay EUR 48 million, of which EUR 24 million is a civil penalty and EUR 24 million is for restitution to investors, (ii) to adopt internal structural and operational reforms that will further augment the steps it has already taken to ensure research analyst independence and promote investor confidence, (iii) to contribute EUR 24 million spread over five years to provide third-party research to clients, (iv) to contribute EUR 5 million toward investor education, and (v) to adopt restrictions on the allocation of shares in initial public offerings to corporate executives and directors.

In May 2002, Dr. Leo Kirch personally and as an assignee initiated legal action against Dr. Breuer and Deutsche Bank AG alleging that a statement made by Dr. Breuer (then the Spokesman of Deutsche Bank's Board of Managing Directors) in an interview with Bloomberg television on 4 February, 2002 regarding the Kirch Group was in breach of laws and financially damaging to Kirch. On 18 February, 2003, the Munich District Court No. I issued a declaratory judgement to the effect that Deutsche Bank AG and Dr. Breuer were jointly and severally liable for damages to Dr. Kirch, TaurusHolding GmbH & Co.KG and PrintBeteiligungs GmbH as a result of the interview statement. Dr. Kirch would have to file a new lawsuit for damages; in such proceedings he would have to

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prove that the statement caused any financial damages and the amount of such damages. Deutsche Bank has stated that it will appeal the declaratory judgment and that Dr. Breuer's statement at the time was nothing beyond what had already been publicly known.

### **3. Outlook**

The current outlook of Deutsche Bank AG is shown in Section II on page 53 of the Management Discussion.

The consolidated interim report of Deutsche Bank AG as of 31 March 2003 is reproduced on the following pages.



# Results 2003

Interim Report as of March 31



Deutsche Bank



# Deutsche Bank

The Group at a glance

|   | Three months ended   |                      |
|---|----------------------|----------------------|
|   | Mar 31, 2003         | Mar 31, 2002         |
| Share price high  | € 47.70              | € 82.65              |
| Share price low   | € 33.50              | € 63.25              |
| Basic earnings per share  | € (0.37)             | € 0.95               |
| Return on average total shareholders' equity (RoE)  | (2.9)%               | 5.9%                 |
| Cost/income ratio <sup>1</sup>  | 87.7%                | 79.6%                |
|   | € m.                 | € m.                 |
| Total revenues <sup>2</sup>   | 4,994                | 7,547                |
| Provision for loan losses   | 380                  | 270                  |
| Total noninterest expenses  | 4,380                | 6,007                |
| Income before income tax expense and cumulative effect of accounting changes  | 234                  | 1,270                |
| Net income (loss)   | (219)                | 597                  |
|   | Mar 31, 2003<br>€ m. | Dec 31, 2002<br>€ m. |
| Total assets  | 802,253              | 758,355              |
| Loans, net  | 167,524              | 167,303              |
| Shareholders' equity  | 29,443               | 29,991               |
| BIS core capital ratio  | 9.6%                 | 9.6%                 |
| Share price   | € 38.50              | € 43.90              |
|   | Number               | Number               |
| Branches  | 1,634                | 1,711                |
| thereof in Germany  | 894                  | 936                  |
| Employees (full-time equivalent)  | 70,882               | 77,442               |
| thereof in Germany  | 31,838               | 33,807               |
| Long-term rating  |                      |                      |
| Moody's Investors Service, New York   | Aa3                  | Aa3                  |
| Standard & Poor's, New York   | AA-                  | AA-                  |
| Fitch Ratings, New York   | AA-                  | AA-                  |
| <sup>1</sup> Total noninterest expenses as a percentage of net interest revenues before provision for loan losses plus non-interest revenues.   |                      |                      |
| <sup>2</sup> The change in total revenues was impacted in the first quarter 2003 by losses and write-downs in Corporate Investments offset by net gains on the sale of businesses, and in the first quarter 2002 by gains on the sale of industrial holdings and by insurance revenues generated by businesses subsequently sold. |                      |                      |

Due to rounding, numbers presented throughout this document may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.

## *Ladies and gentlemen,*

This year started with persistent political and economic uncertainties. The first quarter was overshadowed in particular by the approaching war in Iraq, which then began in the closing days of March. Against this background, investors remained reticent towards new larger-scale commitments. In the lending environment, too, there were still no clear signs of a let-up. While much that was feared in connection with the Iraq crisis did not materialize and the military conflict ended sooner than expected, the climate on the financial markets has not yet improved substantially.

The strategic initiatives on our management agenda, announced more than a year ago, have meanwhile been largely implemented. They have resulted in a fundamental transformation of Deutsche Bank Group. The realized cost containment measures, for example, have led to an appreciable reduction of our operating costs. In the first quarter of 2003, on an annualized basis, they were 27% below the operating cost base in 2001. The key factor here was the reduction in our staff count from more than 86,000 at the end of 2001 to less than 71,000 at the end of the first quarter of 2003. We reduced loans and risk-weighted assets according to plan: at the end of March 2003, they were 35% and 22% below their respective levels at the end of 2001.

The 2003 financial year got off to a good start in our core businesses. The bank's transformation and underlying revenues just 5% down on the first quarter of the previous year raised our underlying pre-tax profit to € 950 million, an increase of 72% compared with the first quarter of 2002. Deutsche Bank has thus demonstrated once again the revenue strength of its business model in difficult conditions. This key profit figure is used by the international capital markets to measure our performance.

Our Corporate and Investment Bank Group Division (CIB) again proved its exceptional global competitive position. In the first quarter of 2003, CIB achieved a pre-tax profit of more than € 1.4 billion, an increase of € 0.9 billion compared with the same period in 2002. This growth includes a gain of roughly € 0.5 billion from the divestment of our Global Securities Services business. Further market share was captured in a difficult market environment. CIB thus strengthened its position as one of the world's top three investment and transaction banks. The Global Markets and Global Equities Business Divisions defended their leading positions in the market. The Corporate Finance Division made further progress and grew its market share. In the U.S.A., for example, we ranked third in mergers and acquisitions advisory business in the first quarter of 2003.

Our Private Clients and Asset Management Group Division (PCAM) achieved a pre-tax profit of € 274 million in the first quarter of 2003. Compared with the first quarter of 2002, this reflected growth of € 355 million. The PCAM organizational realignment is making rapid progress. With this quarterly report, we begin our reporting on the basis of the new Corporate Divisions Private & Business Clients (PBC), on the one hand, and Asset and Wealth Management (AWM), on the other. AWM is a new Corporate Division combining Asset Management and Private Wealth Management. In PBC, we offer tailored products and problem solutions from one source to our European private clients, affluent clients and small business clients.

Even after the sale of Passive Asset Management, PCAM remains one of the world's five largest asset managers. Our Asset Management has its restructuring phase behind it. The integration of Scudder and RREEF in the U.S.A. has been successfully concluded with substantial cost savings achieved in this process. The Business Division is now concentrating on new business and on expanding its American market share. The first achievements are already visible and we are confident of continuing success.

Effective credit risk management receives high priority at Deutsche Bank. In the first quarter of 2003, we added € 350 million net to provision for credit losses. This is the second quarter in which provisions have fallen since peaking in autumn 2002. Furthermore, we have begun to hedge our new business systematically using derivatives.

The divestment program for our non-core activities was completed in the first quarter of 2003 with the disposal of our Global Securities Services business, our Passive Asset Management, and a substantial part of our private equity portfolio. From these transactions, above all, we recorded net gains of € 503 million.

The massive fall in stock market prices last year, with the DAX out in front, confirmed emphatically how right we were to accelerate at an early stage the reduction of our industrial and private equity investments. Unfortunately, the continued downward pressure on equity prices in the first quarter of 2003 necessitated further adjustments to the value of our remaining investment portfolio. This resulted in gross charges of € 1.2 billion from, among others, our holdings in EFG Eurobank, Fiat and mg technologies, as well as a number of private equity investments. Above all, though, the total amount includes, at € 0.5 billion, the complete write-off of our equity investment in Gerling-Konzern Versicherungs-Beteiligungs-AG.

Despite these high expenses, Deutsche Bank Group reports income before income tax of € 234 million. Since the charges are mostly not tax

deductible, this led to a net negative result after tax of € 219 million for the first quarter of 2003.

A few days ago, we completed our share buy-back program. Roughly 62 million Deutsche Bank shares were purchased for approximately € 3 billion. Of these shares, 40 million are to be cancelled. This corresponds to 6.4% of our share capital. At the coming General Meeting, we shall ask our shareholders again to authorize us to carry out a new share buy-back program. The Board of Managing Directors will then decide in due course whether to utilize it. Our priority here is to maintain a sound BIS core capital ratio at the upper end of the 8 to 9% range. At the moment, it is standing at 9.6%.

In the current financial year, we shall again strengthen our client focus, without neglecting cost discipline. We want to offer attractive products and tailored problem solutions on an even more targeted basis at competitive terms and conditions. However, we give priority to organic growth. Acquisitions will only be considered on a very selective basis and in so far as they represent value-accretive add-ons to our existing business activities.

In view of our strongly reduced cost base and improved risk profile, we are well prepared to profit quickly and comprehensively from a market turnaround. We are already seeing the first encouraging signs of this happening.

With regard to our forthcoming General Meeting on June 10, I would like to ask you to exercise your voting rights. If you cannot come to Frankfurt personally, you can, as a registered shareholder of Deutsche Bank, issue your power of attorney and instructions for the exercise of your voting rights in writing or through the Internet. The information you need for this purpose was sent to you recently with the invitation to the General Meeting.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Josef Ackermann', written in a cursive style.

Josef Ackermann  
Spokesman of the Board of Managing Directors and  
Chairman of the Group Executive Committee

Frankfurt am Main, April 2003

## Interim Report as of March 31, 2003

### Discussion of Results

#### Income before Income Tax Expense and Cumulative Effect of Accounting Changes

Income before income tax expense and cumulative effect of accounting changes was € 234 million in the first quarter of 2003, compared to € 1.3 billion in the first quarter of 2002, and € 237 million in the fourth quarter of 2002. Based on the regular review of principal investments, and taking into account the difficult market conditions in the first quarter of 2003, we recorded certain net charges in the quarter of € 718 million. The first quarter of 2002 results reflected gains on the industrial holdings portfolio of € 1.0 billion partially offset by restructuring charges of € 340 million. The fourth quarter of 2002 results included net gains on industrial holdings totaling € 533 million offset by write-downs and losses on investments, net losses from businesses sold/held for sale and goodwill impairment totaling € 465 million. The net charges of € 718 million in the first quarter of 2003 can be summarized as follows:

| in € m.   |       |
|---|-------|
| Net gains (losses) on securities available for sale           | (392) |
| Net loss from equity method investments                       | (638) |
| Other revenues: net gains from businesses sold/held for sale  | 503   |
| Other revenues: net write-downs on private equity investments | (77)  |
| Goodwill impairment   | (114) |

These items are discussed below in more detail in the respective sections of this "Discussion of Results".

#### Net Income (Loss)

Net loss in the first quarter of 2003 was € 219 million, compared to net income of € 597 million in the first quarter of 2002 and a net loss of € 105 million in the fourth quarter of 2002, decreases of € 816 million and € 114 million, respectively. The net loss in the first quarter of 2003 reflected income tax expense of € 453 million, including € 30 million from the reversing effect of the tax credit recorded in 1999 and 2000 for the German tax law changes. Most of the € 718 million of net charges recorded in the quarter (detailed above) are not tax deductible, resulting in income tax expense exceeding income before income taxes.

#### Net Interest Revenues

Net interest revenues totaled € 1.3 billion in the first quarter of 2003, compared to € 1.7 billion in the first quarter of 2002 and € 1.4 billion in the fourth quarter of 2002. The principal reasons for the decline compared to the first quarter of 2002 were the sale of most of our insurance business in the second quarter of 2002, the merger (and subsequent deconsolidation) of our mortgage bank subsidiary EUROHYPO with the mortgage bank subsidiaries of Dresdner Bank AG and Commerzbank AG in the third quarter of 2002 and the sale of most of our North American financial services business in the fourth quarter of 2002. The latter also contributed to the small decline compared to the fourth quarter of 2002.

The provision for loan losses was € 380 million in the first quarter of 2003, compared to € 270 million in the first quarter of 2002 and € 480 million in the fourth quarter of 2002. The provision for loan losses is comprised of net new specific loan loss provisions, as well as provisions for smaller-balance standardized homogeneous exposures, net country risk provisions and net other inherent losses. The current quarter's provision for loan losses was primarily due to provisions raised to address the continuing deterioration in the telecommunications industry and specific loan loss provisions for certain exposures within the Americas and, to a lesser extent, our German portfolio. In addition, for off-balance sheet positions we recorded a net release of € 30 million in the first quarter of 2003, a net charge of € 114 million in the first quarter of 2002 and a net release of € 57 million in the fourth quarter of 2002. These items are recorded in other noninterest expenses.

#### **Provision for Loan Losses**

Commissions and fee revenues were € 2.3 billion in the first quarter of 2003, compared to € 2.6 billion in the first quarter of 2002 and € 2.7 billion in the fourth quarter of 2002. Due to lower client transaction volumes, brokerage fees were the largest individual contributor to the comparative decline against both prior periods, with decreases of € 163 million from the first quarter of 2002 and € 150 million from the fourth quarter of 2002. Underwriting and advisory fees for the first quarter of 2003 were € 343 million, a decrease of € 135 million compared to the first quarter of 2002, due to the continued weak equity markets. Commissions and fees from fiduciary activities and fees for other customer services were virtually unchanged from the first quarter of 2002 but down by € 134 million compared to the fourth quarter of 2002 mainly due to lower performance-related commissions for assets under management.

#### **Commissions and Fee Revenues**

Insurance premiums in the first quarter of 2003 were € 29 million, compared to € 634 million in the first quarter of 2002 and € 32 million in the fourth quarter of 2002. The decline compared to the first quarter of 2002 was attributable to the sale in the second quarter of 2002 of most of our insurance business, including our subsidiaries in Germany, Spain, Italy and Portugal, to Zurich Financial Services. This decline was largely offset by a corresponding decline in policyholder benefits and claims reported under noninterest expenses.

#### **Insurance Premiums**

**Trading Revenues,  
Net**

Trading revenues, net in the first quarter of 2003 were € 1.8 billion compared to € 1.4 billion in the first quarter of 2002 and € 747 million in the fourth quarter of 2002. The higher trading revenues in the first quarter of 2003 compared to the fourth quarter of 2002 were due to improvements in all trading revenue components. Under U.S. GAAP trading revenues do not include trading-related interest (i.e., interest income and funding costs related to all trading positions) and exclude results from trading in our own shares.

**Net Gains (Losses)  
on Securities  
Available for Sale**

Net losses on securities available for sale totaled € 396 million in the first quarter of 2003, € 392 million of which are highlighted in the discussion of net charges above. This compared to net gains of € 1.0 billion in the first quarter of 2002 and € 537 million in the fourth quarter of 2002. The current quarter net loss was primarily due to write-downs for other-than-temporary impairments on investments in EFG Eurobank, Fiat and mg technologies. The prior year first quarter included gross realized gains resulting from the reduction of our holdings in Munich Re and to a lesser extent in Allianz AG. The fourth quarter of 2002 included gains related to the disposal of our holdings in Deutsche Börse AG and other investments.

**Net Loss from Equity  
Method Investments**

Net loss from equity method investments was € 646 million in the first quarter of 2003, € 638 million of which are highlighted in the discussion of net charges above. This loss compared to net losses of € 59 million in the first quarter of 2002 and € 227 million in the fourth quarter of 2002. The current period loss was primarily attributable to the write-off of our investment in Gerling-Konzern Versicherungs-Beteiligungs-AG, amounting to € 490 million, and also reflected net losses from other equity method investments. The loss in the fourth quarter of 2002 included € 179 million related to our investment in Gerling-Konzern Versicherungs-Beteiligungs-AG.

**Other Revenues**

Other revenues totaled € 605 million in the first quarter of 2003, compared to € 175 million in the first quarter of 2002 and € 220 million in the fourth quarter of 2002. The principal contributor to the increase was a net gain of € 503 million from the sale of businesses and businesses held for sale. This amount includes € 508 million related to the sale of a substantial part of our Global Securities Services business. The fourth quarter of 2002 reflected net losses of € 37 million on the sale of businesses and businesses held for sale. Other revenues in the first quarter of 2003 also included € 77 million in write-downs of private equity investments which are highlighted in the discussion of net charges above. There were no write-downs of private equity investments in the first quarter of 2002, and the private equity net write-down for the fourth quarter of 2002 was € 80 million.



Compensation and benefits were € 2.6 billion in the first quarter of 2003, a decrease of 10% compared to the first quarter of 2002 and virtually unchanged from the fourth quarter of 2002. The decrease compared to the first quarter of 2002 was primarily due to a reduction in headcount resulting from the sale or merger of some of our businesses and restructuring activities carried out to date, partly offset by increased headcount from the integration of the Scudder/RREEF businesses.

#### **Compensation and Benefits**

Policyholder benefits and claims totaled € 28 million in the first quarter of 2003, compared to € 654 million in the first quarter of 2002 and € 30 million in the fourth quarter of 2002. The decline compared to the first quarter of 2002 was due to the aforementioned sale of most of our insurance business to Zurich Financial Services and was largely offset by a decline in insurance premium revenues.

#### **Policyholder Benefits and Claims**

The first quarter of 2003 included a goodwill impairment charge of € 114 million following recent decisions relating to the Private Equity fee-based businesses. In the fourth quarter of 2002, we recorded a goodwill impairment charge of € 62 million related to a significant portion of the Private Equity reporting unit, which was then classified as held for sale.

#### **Goodwill Impairment**

There were no new restructuring charges in the first quarter of 2003, but the quarter included a € 2 million release of restructuring reserves accrued in the prior year. Restructuring activities of € 340 million were recorded in the first quarter of 2002, of which € 246 million was reflected in Private Clients and Asset Management, € 93 million in Corporate and Investment Bank and € 1 million in Corporate Investments. The restructuring covered a broad range of measures primarily to streamline our branch network in Germany, as well as our infrastructure. A total of approximately 2,100 employees were impacted by these restructuring programs, which were completed by the first quarter of 2003.

#### **Restructuring Activities**

#### **Remainder of Non-interest Expenses**

The remainder of noninterest expenses was € 1.7 billion in the first quarter of 2003, compared to € 2.1 billion in the first quarter of 2002 and € 2.0 billion in the fourth quarter of 2002. The sale and merger of some of our businesses contributed to the decline compared to both periods. Also contributing to the decrease compared to the first quarter of 2002 were, among other items, lower expenses for IT, communication and data services and reduced provision for off-balance sheet positions. These declines were partially offset by an increase in net occupancy expenses due to the integration of the Scudder/RREEF businesses and provisions related to sublease losses and other costs of eliminating excess space resulting from headcount reductions and the sale of businesses.

#### **Income Tax Expense**

Income tax expense before the reversal of the benefit from tax rate changes in prior years was € 423 million in the first quarter of 2003, compared to € 6 million in the first quarter of 2002 and € 228 million in the fourth quarter of 2002. The income tax expense in the first quarter of 2003 was 181% of pre-tax income due to the non-tax-deductibility of most of the gross charges included in the € 718 million of net charges recorded in the quarter (detailed above). The income tax expense in the first quarter of 2002 was less than 1% of pre-tax income mainly due to the fact that pre-tax income included over € 1 billion in tax-exempt gains on sales of available for sale equity-securities. In addition to these effects, income tax benefits on unrealized gains on available for sale equity-securities, which were recorded when income tax laws changed making gains on equity security sales tax exempt, were reversed as an income tax expense when the securities were actually sold. The income tax expense related to these sales was € 30 million in the first quarter of 2003, € 704 million in the first quarter of 2002 and € 114 million in the fourth quarter of 2002.

#### **Cumulative Effect of Accounting Changes, Net of Tax**

Cumulative effect of accounting changes, net of tax, in 2002 represented the effects from the implementation of the accounting standards SFAS 141 and 142 resulting in the recognition of income (net of tax) of € 37 million from the required elimination of negative goodwill in the first quarter of 2002.

#### **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 our results. For the reconciliation of the results of the segments to our consolidated results, please refer to page 46 of this Interim Report.

In the segmental results of operations, we use the following terms with the following meanings with respect to each segment:

- **Operating cost base:** Noninterest expenses less provision for off-balance sheet positions (reclassified to provision for credit losses), policyholder benefits and claims, minority interest, restructuring activities and goodwill impairment.
- **Underlying pre-tax profit:** Income before income taxes less restructuring activities, goodwill impairment and “other items” referred to in the table for such segment.
- **Underlying cost/income ratio in %:** Operating cost base as a percentage of total net revenues excluding other items (if applicable for the revenue section), net of policyholder benefits and claims. **Cost/income ratio in %**, which is defined as total noninterest expenses as a percentage of total net revenues, is also provided.
- **Average active equity:** The portion of our adjusted average total shareholders’ equity that has been allocated to a segment pursuant to our capital allocation framework. The overriding objective of this framework is to allocate adjusted average total shareholders’ equity based on the economic risk position of each segment. In determining the total amount of average active equity to be allocated, average total shareholders’ equity is adjusted to exclude average unrealized gains on securities available for sale, net of tax, average deferred taxes accumulated due to changes in effective tax rates and the reversing effect and average dividends.
- **Underlying RoE in %:** Underlying pre-tax profit (annualized) as a percentage of average active equity. **RoE in %**, which is defined as income before income taxes (annualized) as a percentage of average active equity, is also provided. These returns, which are based on average active equity, should not be compared to those of other companies without considering the differences in the calculation of such ratios.

Our management uses these measures as part of its internal reporting system because it believes that such measures provide it with a more useful indication of the financial performance of our business segments. We are disclosing such measures to provide investors and analysts with further insight into how our management operates our business and to enable them to better understand our discussion of segmental results.

## Corporate and Investment Bank Group Division

| Corporate and Investment Bank<br>Group Division                | Three months ended |                 |                 | % change from |             |
|--|--------------------|-----------------|-----------------|---------------|-------------|
|  | Mar 31,<br>2003    | Dec 31,<br>2002 | Mar 31,<br>2002 | 4Q02          | 1Q02        |
| in € m., except where indicated                                |                    |                 |                 |               |             |
| Origination (equity)   | 48                 | 114             | (55)            | (58)          | N/M         |
| Origination (debt)   | 165                | 103             | 133             | 61            | 24          |
| Origination  | 213                | 217             | 78              | (2)           | 172         |
| Sales & Trading (equity)                                       | 594                | 712             | 634             | (17)          | (6)         |
| Sales & Trading (debt and other products)                      | 1,764              | 1,054           | 1,783           | 67            | (1)         |
| Sales & Trading  | 2,358              | 1,766           | 2,417           | 34            | (2)         |
| Advisory   | 120                | 145             | 122             | (18)          | (2)         |
| Loan products  | 469                | 428             | 617             | 9             | (24)        |
| Transaction services   | 525                | 611             | 695             | (14)          | (24)        |
| Other  | 445                | (95)            | (93)            | N/M           | N/M         |
| <b>Total net revenues</b>                                      | <b>4,130</b>       | <b>3,072</b>    | <b>3,836</b>    | <b>34</b>     | <b>8</b>    |
| Provision for loan losses                                      | 260                | 394             | 169             | (34)          | 54          |
| Provision for off-balance sheet positions                      | (31)               | (48)            | 114             | (35)          | N/M         |
| <b>Total provision for credit losses</b>                       | <b>229</b>         | <b>346</b>      | <b>283</b>      | <b>(34)</b>   | <b>(19)</b> |
| Operating cost base  | 2,455              | 2,464           | 2,891           | –             | (15)        |
| Minority interest  | 3                  | 3               | 6               | (49)          | (66)        |
| Restructuring activities                                       | (2)                | (16)            | 93              | (90)          | N/M         |
| Goodwill impairment  | –                  | –               | –               | N/M           | N/M         |
| <b>Total noninterest expenses<sup>1</sup></b>                  | <b>2,456</b>       | <b>2,451</b>    | <b>2,990</b>    | <b>–</b>      | <b>(18)</b> |
| Therein: Severance payments                                    | 68                 | 18              | 31              | N/M           | 120         |
| <b>Income before income taxes</b>                              | <b>1,445</b>       | <b>275</b>      | <b>563</b>      | <b>N/M</b>    | <b>157</b>  |
| Underlying pre-tax profit                                      | 935                | 259             | 656             | N/M           | 43          |
| <b>Other items:</b>  |                    |                 |                 |               |             |
| Net gain on the sale of<br>Global Securities Services business | 508                | –               | –               | –             | –           |
| <b>Additional information:</b>                                 |                    |                 |                 |               |             |
| Cost/income ratio in %   | 59                 | 80              | 78              | (21) ppt      | (19) ppt    |
| Underlying cost/income ratio in %                              | 68                 | 80              | 75              | (12) ppt      | (7) ppt     |
| Assets   | 680,984            | 642,127         | *               | 6             | N/M         |
| Risk-weighted positions (BIS risk positions)                   | 155,914            | 155,265         | 186,764         | –             | (17)        |
| Average active equity  | 14,870             | 16,097          | 16,862          | (8)           | (12)        |
| RoE in %   | 39                 | 7               | 13              | 32 ppt        | 26 ppt      |
| Underlying RoE in %  | 25                 | 6               | 16              | 19 ppt        | 9 ppt       |

N/M – Not meaningful  
ppt – percentage points

<sup>1</sup> Excludes provision for off-balance sheet positions (reclassified to provisions for credit losses).

\* Not applicable.

The Corporate and Investment Bank (CIB) generated income before income taxes of € 1.4 billion in the first quarter of 2003, improving by € 882 million over the same period of 2002. This improvement included a gain of € 508 million on the sale of a substantial part of our Global Securities Services business and also reflected reductions in noninterest expenses. The first quarter of 2002 was impacted by a loss from a single block trade and restructuring activities. The first quarter of 2003 result improved by € 1.2 billion over the fourth quarter of 2002 (€ 662 million excluding the above-mentioned gain on the sale of a business) mainly due to strong debt sales and trading revenues and lower provision for credit losses.

## Corporate Banking & Securities Corporate Division

| Corporate Banking & Securities<br>Corporate Division<br>in € m., except where indicated | Three months ended |                 |                 | % change from |             |
|---|--------------------|-----------------|-----------------|---------------|-------------|
|   | Mar 31,<br>2003    | Dec 31,<br>2002 | Mar 31,<br>2002 | 4Q02          | 1Q02        |
| Origination (equity)  | 48                 | 114             | (55)            | (58)          | N/M         |
| Origination (debt)  | 165                | 103             | 133             | 61            | 24          |
| Origination   | 213                | 217             | 78              | (2)           | 172         |
| Sales & Trading (equity)  | 594                | 712             | 634             | (17)          | (6)         |
| Sales & Trading (debt and other products)   | 1,764              | 1,054           | 1,783           | 67            | (1)         |
| Sales & Trading   | 2,358              | 1,766           | 2,417           | 34            | (2)         |
| Advisory  | 120                | 145             | 122             | (18)          | (2)         |
| Loan products   | 469                | 428             | 617             | 9             | (24)        |
| Other   | (63)               | (95)            | (93)            | (34)          | (33)        |
| <b>Total net revenues</b>   | <b>3,097</b>       | <b>2,461</b>    | <b>3,141</b>    | <b>26</b>     | <b>(1)</b>  |
| Provision for loan losses   | 250                | 380             | 175             | (34)          | 44          |
| Provision for off-balance sheet positions   | (15)               | (2)             | 54              | N/M           | N/M         |
| <b>Total provision for credit losses</b>  | <b>236</b>         | <b>378</b>      | <b>229</b>      | <b>(38)</b>   | <b>3</b>    |
| Operating cost base   | 1,986              | 1,964           | 2,321           | 1             | (14)        |
| Minority interest   | 3                  | 3               | 5               | (49)          | (60)        |
| Restructuring activities  | –                  | (8)             | 93              | N/M           | N/M         |
| Goodwill impairment   | –                  | –               | –               | N/M           | N/M         |
| <b>Total noninterest expenses<sup>1</sup></b>   | <b>1,989</b>       | <b>1,959</b>    | <b>2,419</b>    | <b>2</b>      | <b>(18)</b> |
| Therein: Severance payments   | 63                 | 19              | 27              | N/M           | 137         |
| <b>Income before income taxes</b>   | <b>873</b>         | <b>124</b>      | <b>493</b>      | <b>N/M</b>    | <b>77</b>   |
| Underlying pre-tax profit   | 872                | 116             | 586             | N/M           | 49          |
| <b>Additional information:</b>  |                    |                 |                 |               |             |
| Cost/income ratio in %  | 64                 | 80              | 77              | (16) ppt      | (13) ppt    |
| Underlying cost/income ratio in %   | 64                 | 80              | 74              | (16) ppt      | (10) ppt    |
| Assets  | 673,562            | 629,975         | *               | 7             | N/M         |
| Risk-weighted positions (BIS risk positions)  | 142,003            | 142,316         | 169,143         | –             | (16)        |
| Average active equity   | 13,470             | 14,261          | 14,637          | (6)           | (8)         |
| RoE in %  | 26                 | 3               | 13              | 23 ppt        | 13 ppt      |
| Underlying RoE in %   | 26                 | 3               | 16              | 23 ppt        | 10 ppt      |

N/M – Not meaningful

ppt – percentage points

<sup>1</sup> Excludes provision for off-balance sheet positions (reclassified to provisions for credit losses).

\* Not applicable.

Corporate Banking & Securities (CB&S) reported income before income taxes of € 873 million compared to € 493 million in the same period of 2002 and € 124 million in the fourth quarter of 2002.

Revenues of € 3.1 billion in the first quarter of 2003 were essentially the same as those in the first quarter of 2002 and increased by € 636 million compared to the fourth quarter of 2002. Equities and related products businesses have continued to experience low customer volumes. Equity origination revenues of € 48 million reflected the low level of market activity compared to revenues of € 114 million in the fourth quarter of 2002. Equity origination revenues and sales and trading revenues (equity) in the first quarter of 2002 were impacted by the previously-mentioned block trade loss. Sales and trading revenues (debt and other products) of € 1.8 billion were comparable to the high revenue level for this product in the first quarter of 2002 and increased by € 710 million compared to the fourth quarter of 2002. Advisory revenues were relatively constant in all periods in a generally weak market environment. Loan product revenues decreased compared to the first quarter of 2002 reflecting reduced loan volumes as well as the ongoing decline of interest margins.

Total provision for credit losses was essentially the same as in the first quarter of 2002 and decreased by € 142 million compared to the fourth quarter of 2002. The total provision for credit losses of € 236 million in the first quarter of 2003 reflected the continuing deterioration in the telecommunications industry and specific loan loss provisions for certain exposures within the Americas and, to a lesser extent, our German portfolio.

Noninterest expenses of € 2.0 billion in the first quarter of 2003 decreased by € 430 million compared to the first quarter of 2002 mainly due to reductions in the operating cost base, reflecting the benefit of ongoing cost initiatives across all businesses. Also contributing to the comparative decline was a restructuring charge in the first quarter of 2002. The small increase in noninterest expenses by € 30 million compared to the fourth quarter of 2002 was primarily attributable to higher severance payments.

## Global Transaction Banking Corporate Division

| Global Transaction Banking<br>Corporate Division<br>in € m., except where indicated | Three months ended |                 |                 | % change from |             |
|---|--------------------|-----------------|-----------------|---------------|-------------|
|   | Mar 31,<br>2003    | Dec 31,<br>2002 | Mar 31,<br>2002 | 4Q02          | 1Q02        |
| Transaction services  | 525                | 611             | 695             | (14)          | (24)        |
| Other   | 508                | –               | –               | N/M           | N/M         |
| <b>Total net revenues</b>   | <b>1,033</b>       | <b>611</b>      | <b>695</b>      | <b>69</b>     | <b>49</b>   |
| Provision for loan losses   | 10                 | 14              | (6)             | (30)          | N/M         |
| Provision for off-balance sheet positions   | (16)               | (46)            | 60              | (64)          | N/M         |
| <b>Total provision for credit losses</b>  | <b>(7)</b>         | <b>(32)</b>     | <b>54</b>       | <b>(79)</b>   | <b>N/M</b>  |
| Operating cost base   | 469                | 500             | 570             | (6)           | (18)        |
| Minority interest   | –                  | –               | 1               | N/M           | N/M         |
| Restructuring activities  | (2)                | (8)             | –               | (82)          | N/M         |
| Goodwill impairment   | –                  | –               | –               | N/M           | N/M         |
| <b>Total noninterest expenses<sup>1</sup></b>                                       | <b>467</b>         | <b>492</b>      | <b>571</b>      | <b>(5)</b>    | <b>(18)</b> |
| Therein: Severance payments   | 5                  | (1)             | 4               | N/M           | 14          |
| <b>Income before income taxes</b>   | <b>572</b>         | <b>151</b>      | <b>70</b>       | <b>N/M</b>    | <b>N/M</b>  |
| Underlying pre-tax profit   | 63                 | 143             | 70              | (56)          | (10)        |
| <b>Other items:</b>   |                    |                 |                 |               |             |
| Net gain on the sale of<br>Global Securities Services business                      | 508                | –               | –               | –             | –           |
| <b>Additional information:</b>  |                    |                 |                 |               |             |
| Cost/income ratio in %  | 45                 | 81              | 82              | (36) ppt      | (37) ppt    |
| Underlying cost/income ratio in %   | 89                 | 82              | 82              | 7 ppt         | 7 ppt       |
| Assets  | 22,322             | 25,098          | *               | (11)          | N/M         |
| Risk-weighted positions (BIS risk positions)  | 13,911             | 12,949          | 17,620          | 7             | (21)        |
| Average active equity   | 1,399              | 1,837           | 2,225           | (24)          | (37)        |
| RoE in %  | 164                | 33              | 13              | 131 ppt       | 151 ppt     |
| Underlying RoE in %   | 18                 | 31              | 13              | (13) ppt      | 5 ppt       |

N/M – Not meaningful

ppt – percentage points

<sup>1</sup> Excludes provision for off-balance sheet positions (reclassified to provisions for credit losses).

\* Not applicable.



Global Transaction Banking's income before income taxes was € 572 million in the first quarter of 2003, an increase of € 502 million compared to the same period of 2002 and € 421 million compared to the fourth quarter of 2002.

Net revenues of € 1.0 billion in the first quarter of 2003 included a gain of € 508 million on the sale of a substantial part of our Global Securities Services business to State Street Corporation. Adjusted for this gain, net revenues declined by € 170 million compared to the first quarter of 2002 and by € 86 million compared to the fourth quarter of 2002 primarily as a result of the reduced revenue base resulting from the sale of this business. Lower levels of interest rate margins and transaction volumes also contributed to the decline.

Provision for credit losses was a net release of € 7 million compared to a net provision of € 54 million in the first quarter of 2002, with the latter reflecting a charge for a single customer in Germany.

Noninterest expenses of € 467 million in the first quarter of 2003 declined by € 104 million compared to the same period last year and by € 25 million compared to the fourth quarter of 2002. The decline reflected a lower operating cost base after the sale of a substantial part of our Global Securities Services business as well as the benefits of the cost saving initiatives undertaken in the division.

## Private Clients and Asset Management Group Division

| Private Clients and Asset Management<br>Group Division<br>in € m., except where indicated | Three months ended |                 |                 | % change from |             |
|---|--------------------|-----------------|-----------------|---------------|-------------|
|   | Mar 31,<br>2003    | Dec 31,<br>2002 | Mar 31,<br>2002 | 4Q02          | 1Q02        |
| Portfolio/fund management   | 616                | 729             | 510             | (15)          | 21          |
| Brokerage   | 427                | 351             | 432             | 21            | (1)         |
| Loans/deposits  | 597                | 609             | 615             | (2)           | (3)         |
| Payments, account & remaining financial services  | 190                | 207             | 202             | (8)           | (6)         |
| Other   | 160                | 287             | 880             | (44)          | (82)        |
| <b>Total net revenues</b>   | <b>1,990</b>       | <b>2,183</b>    | <b>2,639</b>    | <b>(9)</b>    | <b>(25)</b> |
| Provision for loan losses   | 100                | 45              | 54              | 121           | 87          |
| Provision for off-balance sheet positions   | 1                  | (1)             | –               | N/M           | N/M         |
| <b>Total provision for credit losses</b>  | <b>101</b>         | <b>44</b>       | <b>54</b>       | <b>127</b>    | <b>89</b>   |
| Operating cost base   | 1,604              | 1,719           | 1,762           | (7)           | (9)         |
| Policyholder benefits and claims  | 8                  | 11              | 640             | (23)          | (99)        |
| Minority interest   | 3                  | 8               | 18              | (63)          | (83)        |
| Restructuring activities  | –                  | (6)             | 246             | N/M           | N/M         |
| Goodwill impairment   | –                  | –               | –               | N/M           | N/M         |
| <b>Total noninterest expenses<sup>1</sup></b>   | <b>1,615</b>       | <b>1,732</b>    | <b>2,666</b>    | <b>(7)</b>    | <b>(39)</b> |
| Therein: Severance payments   | 31                 | 38              | 21              | (17)          | 50          |
| <b>Income (loss) before income taxes</b>  | <b>274</b>         | <b>407</b>      | <b>(81)</b>     | <b>(33)</b>   | <b>N/M</b>  |
| Underlying pre-tax profit   | 231                | 414             | 165             | (44)          | 40          |
| <b>Other items:</b>   |                    |                 |                 |               |             |
| Net gain from businesses disposed   | 43                 | (13)            | –               | –             | –           |
| <b>Additional information:</b>  |                    |                 |                 |               |             |
| Cost/income ratio in %  | 81                 | 79              | 101             | 2 ppt         | (20) ppt    |
| Underlying cost/income ratio in %   | 83                 | 79              | 88              | 4 ppt         | (5) ppt     |
| Assets  | 108,191            | 109,394         | *               | (1)           | N/M         |
| Risk-weighted positions (BIS risk positions)  | 62,181             | 59,492          | 58,620          | 5             | 6           |
| Average active equity   | 8,075              | 8,123           | 6,357           | (1)           | 27          |
| RoE in %  | 14                 | 20              | (5)             | (6) ppt       | 19 ppt      |
| Underlying RoE in %   | 11                 | 20              | 10              | (9) ppt       | 1 ppt       |
| <b>Results of sold insurance and related activities:</b>                                  |                    |                 |                 |               |             |
| <b>Net revenues</b>   | <b>–</b>           | <b>(13)</b>     | <b>755</b>      | <b>–</b>      | <b>–</b>    |
| Operating cost base   | –                  | –               | 97              | –             | –           |
| Policyholder benefits and claims  | –                  | –               | 629             | –             | –           |
| Minority interest   | –                  | –               | 4               | –             | –           |
| <b>Total noninterest expenses<sup>1</sup></b>   | <b>–</b>           | <b>–</b>        | <b>730</b>      | <b>–</b>      | <b>–</b>    |
| Therein: Severance payments   | –                  | –               | 1               | –             | –           |
| <b>Income (loss) before income taxes</b>  | <b>–</b>           | <b>(13)</b>     | <b>25</b>       | <b>–</b>      | <b>–</b>    |

N/M – Not meaningful

ppt – percentage points

<sup>1</sup> Excludes provision for off-balance sheet positions (reclassified to provisions for credit losses).

\* Not applicable.

Income before income taxes of our Private Clients and Asset Management Group Division (PCAM) was € 274 million in the first quarter of 2003.

The significant increase of € 355 million compared to the same period of 2002 was primarily attributable to restructuring charges incurred in the first quarter of 2002. Also contributing to the increase were reductions in the operating cost base as well as a gain of € 43 million from the sale of most of our Passive Asset Management business in the first quarter of 2003.

Income before income taxes decreased by € 133 million compared to the fourth quarter of 2002, which included higher revenues from real estate activities.

## Asset and Wealth Management Corporate Division

| Asset and Wealth Management<br>Corporate Division<br>in € m., except where indicated | Three months ended |                 |                 | % change from |            |
|--|--------------------|-----------------|-----------------|---------------|------------|
|  | Mar 31,<br>2003    | Dec 31,<br>2002 | Mar 31,<br>2002 | 4Q02          | 1Q02       |
| Portfolio/fund management (AM)   | 511                | 598             | 362             | (15)          | 41         |
| Portfolio/fund management (PWM)  | 70                 | 78              | 81              | (10)          | (14)       |
| Portfolio/fund management  | 581                | 676             | 443             | (14)          | 31         |
| Brokerage  | 153                | 156             | 185             | (2)           | (17)       |
| Loans/deposits   | 35                 | 41              | 43              | (14)          | (18)       |
| Payments, account & remaining financial services                                     | 3                  | 3               | 2               | 19            | 27         |
| Other  | 115                | 190             | 58              | (39)          | 100        |
| <b>Total net revenues</b>  | <b>887</b>         | <b>1,066</b>    | <b>731</b>      | <b>(17)</b>   | <b>21</b>  |
| Provision for loan losses  | 4                  | 2               | –               | 170           | N/M        |
| Provision for off-balance sheet positions  | –                  | –               | –               | N/M           | N/M        |
| <b>Total provision for credit losses</b>   | <b>5</b>           | <b>2</b>        | <b>–</b>        | <b>N/M</b>    | <b>N/M</b> |
| Operating cost base  | 723                | 796             | 673             | (9)           | 7          |
| Policyholder benefits and claims   | 8                  | 11              | 11              | (23)          | (21)       |
| Minority interest  | 3                  | 7               | 13              | (62)          | (77)       |
| Restructuring activities   | –                  | (5)             | 3               | N/M           | N/M        |
| Goodwill impairment  | –                  | –               | –               | N/M           | N/M        |
| <b>Total noninterest expenses<sup>1</sup></b>  | <b>734</b>         | <b>809</b>      | <b>700</b>      | <b>(9)</b>    | <b>5</b>   |
| Therein: Severance payments  | 9                  | 31              | 9               | (71)          | 3          |
| <b>Income before income taxes</b>  | <b>148</b>         | <b>255</b>      | <b>31</b>       | <b>(42)</b>   | <b>N/M</b> |
| Underlying pre-tax profit  | 105                | 250             | 35              | (58)          | N/M        |
| <b>Other items:</b>  |                    |                 |                 |               |            |
| Net gain on the sale of Passive Asset Management business                            | 43                 | –               | –               | –             | –          |
| <b>Additional information:</b>   |                    |                 |                 |               |            |
| Cost/income ratio in %   | 83                 | 76              | 96              | 7 ppt         | (13) ppt   |
| Underlying cost/income ratio in %  | 87                 | 75              | 93              | 12 ppt        | (6) ppt    |
| Assets   | 34,892             | 37,559          | *               | (7)           | N/M        |
| Risk-weighted positions (BIS risk positions)   | 12,816             | 11,750          | 12,800          | 9             | –          |
| Average active equity  | 6,627              | 6,726           | 4,904           | (1)           | 35         |
| RoE in %   | 9                  | 15              | 3               | (6) ppt       | 6 ppt      |
| Underlying RoE in %  | 6                  | 15              | 3               | (9) ppt       | 3 ppt      |

N/M – Not meaningful

ppt – percentage points

<sup>1</sup> Excludes provision for off-balance sheet positions (reclassified to provisions for credit losses).

\* Not applicable.

Our Asset and Wealth Management Corporate Division recorded income before income taxes of € 148 million, an increase of € 117 million compared to the first quarter of 2002 and a decrease of € 107 million compared to the fourth quarter of 2002.

Net revenues of € 887 million in the first quarter of 2003 were € 156 million higher than those of the first quarter of 2002. Primary reasons for the increase were the impact of the Scudder/RREEF acquisitions in the second quarter of 2002 and a gain of € 43 million on the sale of most of our Passive Asset Management business in the first quarter of 2003. Excluding these effects, net revenues declined mainly due to lower fees from portfolio/fund management products following the sale of most of our Passive Asset Management business and the ongoing weak market conditions in the first quarter of 2003. The decrease of net revenues compared to the fourth quarter of 2002 was primarily attributable to a lower DB Real Estate deal flow and to lower performance-related fees from portfolio/fund management.

Noninterest expenses of € 734 million in the first quarter of 2003 increased by € 34 million compared to the first quarter of 2002. The consolidation effect of Scudder/RREEF of approximately € 160 million was nearly offset by savings in almost all major cost categories. These savings were also the primary reason for the decline of € 75 million in noninterest expenses compared to the fourth quarter of 2002.

## Private & Business Clients Corporate Division

| Private & Business Clients<br>Corporate Division<br>in € m., except where indicated | Three months ended |                 |                 | % change from |             |
|---|--------------------|-----------------|-----------------|---------------|-------------|
|   | Mar 31,<br>2003    | Dec 31,<br>2002 | Mar 31,<br>2002 | 4Q02          | 1Q02        |
| Portfolio/fund management   | 35                 | 53              | 67              | (33)          | (47)        |
| Brokerage   | 274                | 195             | 247             | 40            | 11          |
| Loans/deposits  | 561                | 568             | 572             | (1)           | (2)         |
| Payments, account & remaining financial services                                    | 187                | 204             | 200             | (8)           | (7)         |
| Other   | 46                 | 97              | 822             | (53)          | (94)        |
| <b>Total net revenues</b>   | <b>1,103</b>       | <b>1,117</b>    | <b>1,908</b>    | <b>(1)</b>    | <b>(42)</b> |
| Provision for loan losses   | 96                 | 44              | 54              | 119           | 78          |
| Provision for off-balance sheet positions   | 1                  | (1)             | –               | N/M           | N/M         |
| <b>Total provision for credit losses</b>  | <b>96</b>          | <b>43</b>       | <b>54</b>       | <b>125</b>    | <b>79</b>   |
| Operating cost base   | 881                | 923             | 1,089           | (4)           | (19)        |
| Policyholder benefits and claims  | –                  | –               | 629             | N/M           | N/M         |
| Minority interest   | –                  | –               | 5               | N/M           | N/M         |
| Restructuring activities  | –                  | (1)             | 243             | N/M           | N/M         |
| Goodwill impairment   | –                  | –               | –               | N/M           | N/M         |
| <b>Total noninterest expenses<sup>1</sup></b>                                       | <b>881</b>         | <b>922</b>      | <b>1,966</b>    | <b>(4)</b>    | <b>(55)</b> |
| Therein: Severance payments   | 22                 | 7               | 12              | N/M           | 83          |
| <b>Income (loss) before income taxes</b>  | <b>126</b>         | <b>152</b>      | <b>(112)</b>    | <b>(17)</b>   | <b>N/M</b>  |
| Underlying pre-tax profit   | 126                | 164             | 130             | (23)          | (4)         |

### Other items:

|  |   |      |   |   |   |
|--|---|------|---|---|---|
| Net gain on the sale of insurance business | – | (13) | – | – | – |
|--|---|------|---|---|---|

### Additional information:

|  |        |        |        |          |          |
|--|--------|--------|--------|----------|----------|
| Cost/income ratio in %                       | 80     | 83     | 103    | (3) ppt  | (23) ppt |
| Underlying cost/income ratio in %            | 80     | 82     | 85     | (2) ppt  | (5) ppt  |
| Assets                                       | 75,737 | 73,846 | *      | 3        | N/M      |
| Risk-weighted positions (BIS risk positions) | 49,365 | 47,743 | 45,820 | 3        | 8        |
| Average active equity                        | 1,448  | 1,397  | 1,453  | 4        | –        |
| RoE in %                                     | 35     | 44     | (31)   | (9) ppt  | 66 ppt   |
| Underlying RoE in %                          | 35     | 47     | 36     | (12) ppt | (1) ppt  |

### Results of sold insurance and related activities:

|   |          |             |            |          |          |
|---|----------|-------------|------------|----------|----------|
| <b>Net revenues</b>                           | <b>–</b> | <b>(13)</b> | <b>755</b> | <b>–</b> | <b>–</b> |
| Operating cost base                           | –        | –           | 97         | –        | –        |
| Policyholder benefits and claims              | –        | –           | 629        | –        | –        |
| Minority interest                             | –        | –           | 4          | –        | –        |
| <b>Total noninterest expenses<sup>1</sup></b> | <b>–</b> | <b>–</b>    | <b>730</b> | <b>–</b> | <b>–</b> |
| Therein: Severance payments                   | –        | –           | 1          | –        | –        |
| <b>Income (loss) before income taxes</b>      | <b>–</b> | <b>(13)</b> | <b>25</b>  | <b>–</b> | <b>–</b> |

N/M – Not meaningful

ppt – percentage points

<sup>1</sup> Excludes provision for off-balance sheet positions (reclassified to provisions for credit losses).

\* Not applicable.

Income before income taxes of € 126 million in our Private & Business Clients Corporate Division represented an increase of € 238 million compared to the first quarter of 2002, which included restructuring charges primarily for measures to streamline our branch network in Germany. Income before income taxes declined by € 26 million compared to the fourth quarter of 2002 mainly due to higher provision for loan losses. Net revenues were € 1.1 billion in the first quarter of 2003, a decline of € 805 million compared to the first quarter of 2002, which included revenues of € 755 million from insurance and related activities. These businesses were sold in the second quarter of 2002.

The provision for credit losses of € 96 million in the first quarter of 2003 mainly reflected the impact of a deteriorating overall economic environment on the individual financial situation of some of our customers.

Noninterest expenses of € 881 million declined by € 1.1 billion compared to the first quarter of 2002, which included a combined € 973 million for policyholder benefits and claims, other expenses related to the sold insurance and related activities as well as restructuring charges. The operating cost base (excluding the sold insurance business) of € 881 million declined by € 111 million compared to the first quarter of 2002 and by € 42 million compared to the fourth quarter of 2002. This decline shows the benefits of the division's cost reduction initiatives and the restructuring activities in Germany carried out to date.

## Corporate Investments Group Division

| Corporate Investments<br>Group Division<br>in € m., except where indicated | Three months ended |                 |                 | % change from |             |
|--|--------------------|-----------------|-----------------|---------------|-------------|
|  | Mar 31,<br>2003    | Dec 31,<br>2002 | Mar 31,<br>2002 | 4Q02          | 1Q02        |
| <b>Net revenues</b>  | <b>(1,068)</b>     | <b>52</b>       | <b>1,154</b>    | <b>N/M</b>    | <b>N/M</b>  |
| Provision for loan losses  | 20                 | 39              | 48              | (49)          | (59)        |
| Provision for off-balance sheet positions                                  | –                  | (7)             | –               | N/M           | N/M         |
| <b>Total provision for credit losses</b>                                   | <b>20</b>          | <b>32</b>       | <b>48</b>       | <b>(36)</b>   | <b>(58)</b> |
| Operating cost base  | 239                | 330             | 307             | (28)          | (22)        |
| Minority interest  | (13)               | 11              | (1)             | N/M           | N/M         |
| Restructuring activities   | –                  | –               | 1               | N/M           | N/M         |
| Goodwill impairment  | 114                | 62              | –               | 84            | N/M         |
| <b>Total noninterest expenses<sup>1</sup></b>                              | <b>340</b>         | <b>403</b>      | <b>307</b>      | <b>(16)</b>   | <b>11</b>   |
| Therein: Severance payments  | 6                  | 8               | 1               | (31)          | N/M         |
| <b>Income (loss) before income taxes</b>                                   | <b>(1,428)</b>     | <b>(383)</b>    | <b>799</b>      | <b>N/M</b>    | <b>N/M</b>  |
| Underlying pre-tax profit  | (160)              | (418)           | (259)           | (62)          | (38)        |
| <b>Other items:</b>  |                    |                 |                 |               |             |
| Net losses from businesses disposed/held for sale                          | (47)               | (70)            | –               | (32)          | –           |
| Significant equity pick ups/write-downs                                    | (715)              | (366)           | –               | 95            | –           |
| Net gains/losses from industrial holdings                                  | (210)              | 533             | 1,059           | N/M           | N/M         |
| Net losses from other securities available for sale                        | (182)              | –               | –               | –             | –           |
| <b>Additional information:</b>   |                    |                 |                 |               |             |
| Cost/income ratio in %   | N/M                | N/M             | 27              | N/M           | N/M         |
| Underlying cost/income ratio in %  | N/M                | N/M             | N/M             | N/M           | (47) ppt    |
| Assets   | 25,462             | 26,536          | *               | (4)           | N/M         |
| Risk-weighted positions (BIS risk positions)                               | 18,116             | 19,219          | 54,474          | (6)           | (67)        |
| Average active equity  | 6,347              | 5,408           | 7,546           | 17            | (16)        |
| RoE in %   | (90)               | (28)            | 42              | (62) ppt      | (132) ppt   |
| Underlying RoE in %  | (10)               | (31)            | (14)            | 21 ppt        | 4 ppt       |

N/M – Not meaningful

ppt – percentage points

<sup>1</sup> Excludes provision for off-balance sheet positions (reclassified to provisions for credit losses).

\* Not applicable.



The Corporate Investments Group Division reported a loss before income taxes of € 1.4 billion in the first quarter of 2003 compared to income before income taxes of € 799 million in the same period in 2002 and a loss before income taxes of € 383 million in the fourth quarter of 2002. The 2003 first quarter results included net charges of € 1.3 billion which are highlighted in the discussion of net charges above.

Net revenues were negative € 1.1 billion in the first quarter of 2003, a decrease of € 2.2 billion compared to the same period in 2002. Net revenues in the fourth quarter of 2002 were € 52 million.

Based on the regular review of principal investments, and taking into account the difficult market conditions in the first quarter of 2003, we recorded net losses of € 638 million from investments accounted for under the equity method. These losses comprised principally the write-off of € 490 million of our investment in Gerling-Konzern Versicherungs-Beteiligungs-AG, and also reflected net losses from other equity method investments in our Private Equity portfolio. Additional net write-downs of € 77 million were related to other investments in our Private Equity portfolio. The continuing decline in the equity markets resulted in net losses of € 392 million for impairments deemed other-than-temporary on our securities available for sale portfolio with the largest losses recorded on our investments in EFG Eurobank, Fiat and mg technologies. Revenues in the first quarter of 2003 also included net losses of € 47 million related to sold businesses and businesses held for sale.

Net revenues in the first quarter of 2002 of € 1.2 billion included € 1.0 billion of net gains from sales from our industrial holdings portfolio. These gains primarily related to the partial sale of our stake in Munich Re and to a lesser extent to the sale of some of our interest in Allianz AG.

In the fourth quarter of 2002, net revenues of € 52 million were impacted by a loss of € 179 million from our equity method investment in Gerling-Konzern Versicherungs-Beteiligungs-AG, by € 187 million net loss from equity method investments/net write-downs mainly related to private equity investments and by net losses of € 70 million on the sale of businesses and businesses held for sale. These losses were offset by net gains of € 533 million mainly from the sale of our stakes in Deutsche Börse AG, RWE AG, Buderus AG and Continental AG as well as a gain from the reduction of our stake in Südzucker AG.

The provision for credit losses was € 20 million in the first quarter of 2003 compared to € 48 million in the same period in 2002. The € 28 million decline was primarily attributable to the reduction of credit exposure related to the deemed sale of the EUROHYPO business and the sale of most of our North American financial services businesses.

Total noninterest expenses increased in the first quarter of 2003 by € 33 million compared to the first quarter of 2002 and decreased by € 63 million compared to the fourth quarter of 2002. The increase was driven by a goodwill impairment charge of € 114 million following recent decisions relating to the private equity fee-based businesses. In contrast the operating cost base decreased by € 68 million after the disposal of the above-mentioned businesses and the management buyout of 80% of our late-stage Private Equity portfolio in the first quarter of 2003. The first quarter of 2003 operating cost base included provisions of € 67 million related to sublease losses and other costs of eliminating excess space resulting from headcount reductions and the sale of businesses. The fourth quarter of 2002 operating cost base included a charge of € 60 million related to the buyout of our coinvestment plans. In the fourth quarter of 2002, we recorded a goodwill impairment charge of € 62 million related to a significant portion of the Private Equity reporting unit, which was then classified as held for sale.

## Independent Accountants' Review Report

The Supervisory Board of Deutsche Bank Aktiengesellschaft

We have reviewed the accompanying balance sheet of Deutsche Bank Aktiengesellschaft and subsidiaries (Deutsche Bank Group) as of March 31, 2003, and the related statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three months ended March 31, 2003 and 2002. 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 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 reviews, 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,  
April 29, 2003

## Income Statement

Deutsche Bank Group

| Income Statement<br>in € m.  | Three months ended |              |
|--|--------------------|--------------|
|  | Mar 31, 2003       | Mar 31, 2002 |
| <b>Net interest revenues</b>   | <b>1,306</b>       | <b>1,725</b> |
| Provision for loan losses  | 380                | 270          |
| <b>Net interest revenues after provision for loan losses</b>                                   | <b>926</b>         | <b>1,455</b> |
| Commissions and fees from fiduciary activities   | 830                | 842          |
| Commissions, broker's fees, markups on securities underwriting and other securities activities | 855                | 1,153        |
| Fees for other customer services   | 627                | 640          |
| Insurance premiums   | 29                 | 634          |
| Trading revenues, net  | 1,784              | 1,399        |
| Net gains (losses) on securities available for sale  | (396)              | 1,038        |
| Net loss from equity method investments  | (646)              | (59)         |
| Other revenues   | 605                | 175          |
| <b>Total noninterest revenues</b>  | <b>3,688</b>       | <b>5,822</b> |
| Compensation and benefits  | 2,582              | 2,872        |
| Net occupancy expense of premises  | 366                | 326          |
| Furniture and equipment  | 42                 | 58           |
| IT costs   | 473                | 602          |
| Agency and other professional service fees   | 131                | 201          |
| Communication and data services  | 169                | 175          |
| Policyholder benefits and claims   | 28                 | 654          |
| Other expenses   | 477                | 779          |
| Goodwill impairment  | 114                | -            |
| Restructuring activities   | (2)                | 340          |
| <b>Total noninterest expenses</b>  | <b>4,380</b>       | <b>6,007</b> |
| <b>Income before income tax expense and cumulative effect of accounting changes</b>            | <b>234</b>         | <b>1,270</b> |
| Income tax expense   | 423                | 6            |
| Income tax expense from the reversing effect of the change in effective tax rate               | 30                 | 704          |
| <b>Income (loss) before cumulative effect of accounting changes, net of tax</b>                | <b>(219)</b>       | <b>560</b>   |
| Cumulative effect of accounting changes, net of tax  | -                  | 37           |
| <b>Net income (loss)</b>   | <b>(219)</b>       | <b>597</b>   |

| Earnings per share<br>in €  | Three months ended |              |
|---|--------------------|--------------|
|   | Mar 31, 2003       | Mar 31, 2002 |
| <b>Basic</b>  |                    |              |
| Income (loss) before cumulative effect of accounting changes, net of tax  | (0.37)             | 0.89         |
| Cumulative effect of accounting changes, net of tax   | -                  | 0.06         |
| Reported net income (loss)  | (0.37)             | 0.95         |
| <b>Diluted</b>  |                    |              |
| Income (loss) before cumulative effect of accounting changes, net of tax  | (0.37)             | 0.88         |
| Cumulative effect of accounting changes, net of tax   | -                  | 0.06         |
| Reported net income (loss)  | (0.37)             | 0.94         |
| Denominator for basic earnings per share – weighted-average shares outstanding  | 586,855,453        | 627,234,670  |
| Denominator for diluted earnings per share – adjusted weighted-average shares after assumed conversions (for Q1 2002) | 586,855,453        | 632,835,531  |

## Statement of Comprehensive Income

Deutsche Bank Group

| Statement of Comprehensive Income<br>in € m.  | Three months ended |              |
|---|--------------------|--------------|
|   | Mar 31, 2003       | Mar 31, 2002 |
| <b>Net income (loss)</b>  | <b>(219)</b>       | <b>597</b>   |
| Deferred tax on unrealized net gains on securities available for sale relating to 1999 and 2000 tax rate changes in Germany | 30                 | 704          |
| Unrealized gains/losses on securities available for sale  |                    |              |
| Unrealized net gains (losses) arising during the period, net of tax and other   | (878)              | 499          |
| Net reclassification adjustment for realized net (gains) losses, net of applicable tax and other                            | 553                | (976)        |
| Unrealized net losses on derivatives hedging variability of cash flows, net of tax  | (25)               | (5)          |
| Foreign currency translation  |                    |              |
| Unrealized net gains (losses) arising during the period, net of tax   | (141)              | 67           |
| Net reclassification adjustment for realized net (gains) losses, net of tax   | (41)               | –            |
| <b>Total other comprehensive income (loss)</b>  | <b>(502)</b>       | <b>289</b>   |
| <b>Comprehensive income (loss)</b>  | <b>(721)</b>       | <b>886</b>   |

## Balance Sheet

Deutsche Bank Group

| Assets in € m.  | Mar 31, 2003   | Dec 31, 2002   |
|---|----------------|----------------|
| Cash and due from banks   | 6,497          | 8,979          |
| Interest-earning deposits with banks  | 22,659         | 25,691         |
| Central bank funds sold and securities purchased under resale agreements  | 120,899        | 117,689        |
| Securities borrowed   | 71,278         | 37,569         |
| Trading assets  | 305,304        | 297,062        |
| Securities available for sale   | 21,026         | 21,619         |
| Other investments   | 9,281          | 10,768         |
| Loans, net  | 167,524        | 167,303        |
| Premises and equipment, net   | 7,823          | 8,883          |
| Goodwill  | 7,686          | 8,372          |
| Other intangible assets, net  | 1,338          | 1,411          |
| Other assets related to insurance business  | 7,454          | 7,797          |
| Due from customers on acceptances   | 61             | 99             |
| Accrued interest receivable   | 3,798          | 4,208          |
| Other assets  | 49,625         | 40,905         |
| <b>Total assets</b>   | <b>802,253</b> | <b>758,355</b> |
|   |                |                |
| Liabilities and Shareholders' Equity in € m.  | Mar 31, 2003   | Dec 31, 2002   |
| Noninterest-bearing deposits  |                |                |
| Domestic offices  | 20,297         | 21,960         |
| Foreign offices   | 6,748          | 8,598          |
| Interest-bearing deposits   |                |                |
| Domestic offices  | 89,461         | 95,033         |
| Foreign offices   | 212,299        | 202,034        |
| <b>Total deposits</b>   | <b>328,805</b> | <b>327,625</b> |
| Trading liabilities   | 140,757        | 131,212        |
| Central bank funds purchased and securities sold under repurchase agreements  | 116,113        | 90,709         |
| Securities loaned   | 11,416         | 8,790          |
| Other short-term borrowings   | 15,424         | 11,573         |
| Acceptances outstanding   | 60             | 99             |
| Insurance policy claims and reserves  | 8,199          | 8,557          |
| Accrued interest payable  | 4,299          | 4,668          |
| Other liabilities   | 41,073         | 37,695         |
| Long-term debt  | 103,408        | 104,055        |
| Trust preferred securities  | 2,978          | 3,103          |
| Obligation to purchase common shares  | 278            | 278            |
| <b>Total liabilities</b>  | <b>772,810</b> | <b>728,364</b> |
| Common shares, no par value, nominal value of € 2.56  | 1,592          | 1,592          |
| Additional paid-in capital  | 11,163         | 11,199         |
| Retained earnings   | 21,525         | 22,087         |
| Common shares in treasury, at cost  | (1,576)        | (1,960)        |
| Equity classified as obligation to purchase common shares   | (278)          | (278)          |
| Share awards  | 1,123          | 955            |
| 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 | (3,013)        | (3,043)        |
| Unrealized net gains (losses) on securities available for sale, net of applicable tax and other                             | (169)          | 156            |
| Unrealized net gains (losses) on derivatives hedging variability of cash flows, net of tax                                  | (24)           | 1              |
| Minimum pension liability, net of tax   | (8)            | (8)            |
| Foreign currency translation, net of tax  | (892)          | (710)          |
| <b>Total accumulated other comprehensive income</b>   | <b>(4,106)</b> | <b>(3,604)</b> |
| <b>Total shareholders' equity</b>   | <b>29,443</b>  | <b>29,991</b>  |
| <b>Total liabilities and shareholders' equity</b>   | <b>802,253</b> | <b>758,355</b> |

## Statement of Changes in Shareholders' Equity

Deutsche Bank Group

| Statement of Changes in Shareholders' Equity<br>in € m.   | Three months ended |               |
|---|--------------------|---------------|
|   | Mar 31, 2003       | Mar 31, 2002  |
| <b>Common shares</b>  |                    |               |
| Balance, beginning of year  | 1,592              | 1,591         |
| Common shares distributed under employee benefit plans  | –                  | –             |
| Balance, end of period  | 1,592              | 1,591         |
| <b>Additional paid-in capital</b>   |                    |               |
| Balance, beginning of year  | 11,199             | 11,253        |
| Net losses on treasury shares sold  | (36)               | (4)           |
| Other   | –                  | 52            |
| Balance, end of period  | 11,163             | 11,301        |
| <b>Retained earnings</b>  |                    |               |
| Balance, beginning of year  | 22,087             | 22,619        |
| Net income (loss)   | (219)              | 597           |
| Net losses on treasury shares sold  | (311)              | –             |
| Other   | (32)               | (18)          |
| Balance, end of period  | 21,525             | 23,198        |
| <b>Common shares in treasury, at cost</b>   |                    |               |
| Balance, beginning of year  | (1,960)            | (479)         |
| Purchases of shares   | (6,454)            | (5,458)       |
| Sale of shares  | 6,837              | 5,609         |
| Treasury shares distributed under employee benefit plans  | 1                  | 2             |
| Balance, end of period  | (1,576)            | (326)         |
| <b>Equity classified as obligation to purchase common shares</b>  |                    |               |
| Balance, beginning of year  | (278)              | –             |
| Additions   | –                  | –             |
| Deductions  | –                  | –             |
| Balance, end of period  | (278)              | –             |
| <b>Share awards – common shares issuable</b>  |                    |               |
| Balance, beginning of year  | 1,955              | 1,666         |
| Deferred share awards granted, net  | 980                | 1,102         |
| Deferred shares distributed   | (1)                | (6)           |
| Balance, end of period  | 2,934              | 2,762         |
| <b>Share awards – deferred compensation</b>   |                    |               |
| Balance, beginning of year  | (1,000)            | (767)         |
| Deferred share awards granted, net  | (980)              | (1,102)       |
| Amortization of deferred compensation, net  | 169                | 635           |
| Balance, end of period  | (1,811)            | (1,234)       |
| <b>Accumulated other comprehensive income</b>   |                    |               |
| Balance, beginning of year  | (3,604)            | 4,310         |
| Change in deferred tax on unrealized net gains on securities available for sale relating to 1999 and 2000 tax rate changes in Germany | 30                 | 704           |
| Change in unrealized net gains/losses on securities available for sale, net of applicable tax and other                               | (325)              | (477)         |
| Change in unrealized net gains/losses on derivatives hedging variability of cash flows, net of tax                                    | (25)               | (5)           |
| Foreign currency translation, net of tax  | (182)              | 67            |
| Balance, end of period  | (4,106)            | 4,599         |
| <b>Total shareholders' equity, end of period</b>  | <b>29,443</b>      | <b>41,891</b> |

## Cash Flow Statement

Deutsche Bank Group

| Cash Flow Statement<br>in € m.   | Three months ended |                 |
|--|--------------------|-----------------|
|  | Mar 31, 2003       | Mar 31, 2002    |
| <b>Net income (loss)</b>   | <b>(219)</b>       | <b>597</b>      |
| Adjustments to reconcile net income (loss) to net cash used in operating activities                |                    |                 |
| Provision for loan losses  | 380                | 270             |
| Restructuring activities   | (2)                | 340             |
| Gain on sale of securities available for sale, other investments, loans and other                  | (618)              | (1,372)         |
| Deferred income taxes, net   | 137                | 348             |
| Impairment, depreciation and other amortization and accretion                                      | 1,561              | 454             |
| Cumulative effect of accounting changes, net of tax  | –                  | (37)            |
| Share of net loss (income) from equity method investments  | 78                 | (25)            |
| <b>Income adjusted for noncash charges, credits and other items</b>                                | <b>1,317</b>       | <b>575</b>      |
| Net change in  |                    |                 |
| Trading assets   | (7,984)            | (9,405)         |
| Other assets   | (8,520)            | (7,724)         |
| Trading liabilities  | 9,545              | 2,391           |
| Other liabilities  | 3,017              | (4,387)         |
| Other, net   | (223)              | (10)            |
| <b>Net cash used in operating activities</b>   | <b>(2,848)</b>     | <b>(18,560)</b> |
| Net change in  |                    |                 |
| Interest-earning deposits with banks   | 3,163              | 2,062           |
| Central bank funds sold and securities purchased under resale agreements                           | (3,210)            | (1,160)         |
| Securities borrowed  | (33,709)           | (20,144)        |
| Loans  | (3,270)            | 2,753           |
| Proceeds from  |                    |                 |
| Sale of securities available for sale  | 4,083              | 9,157           |
| Maturities of securities available for sale  | 1,289              | 918             |
| Sale of other investments  | 343                | 610             |
| Sale of loans  | 1,959              | 6,974           |
| Sale of premises and equipment   | 514                | 33              |
| Purchase of  |                    |                 |
| Securities available for sale  | (5,905)            | (6,317)         |
| Other investments  | (688)              | (1,578)         |
| Loans  | (1,414)            | (2,698)         |
| Premises and equipment   | (297)              | (542)           |
| Net cash received for business combinations/divestitures   | 1,522              | 23              |
| Other, net   | 45                 | 186             |
| <b>Net cash used in investing activities</b>   | <b>(35,575)</b>    | <b>(9,723)</b>  |
| Net change in  |                    |                 |
| Deposits   | 1,180              | (2,953)         |
| Securities loaned and central bank funds purchased and securities sold under repurchase agreements | 30,300             | 21,421          |
| Other short-term borrowings  | 1,581              | 6,457           |
| Issuances of long-term debt and trust preferred securities   | 7,133              | 13,314          |
| Repayments and extinguishments of long-term debt and trust preferred securities                    | (3,812)            | (10,510)        |
| Issuances of common shares   | –                  | –               |
| Purchases of treasury shares   | (6,454)            | (5,458)         |
| Sale of treasury shares  | 6,413              | 5,573           |
| Cash dividends paid  | –                  | –               |
| Other, net   | (39)               | (76)            |
| <b>Net cash provided by financing activities</b>   | <b>36,302</b>      | <b>27,768</b>   |
| Net effect of exchange rate changes on cash and due from banks                                     | (361)              | 28              |
| Net decrease in cash and due from banks  | (2,482)            | (487)           |
| Cash and due from banks, beginning of period   | 8,979              | 10,388          |
| Cash and due from banks, end of period   | 6,497              | 9,901           |
| Interest paid  | 5,963              | 9,274           |
| Income taxes paid, net   | 297                | 429             |



## Basis of Presentation

The accompanying consolidated financial statements as of March 31, 2003 and 2002 and for the three-month periods then ended are unaudited and include the accounts of Deutsche Bank AG and its subsidiaries (collectively, the Deutsche Bank 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 cash flows have been reflected. Certain prior period amounts have been reclassified to conform to the current presentation. 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 financial statements included in this interim report should be read in conjunction with the consolidated financial statements and related notes included in the Company's 2002 Annual Report and Form 20-F.

Certain financial statement information that is normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. Following is supplementary information on the impact of changes in accounting principles and on the income statement, the balance sheet and segment information.

## 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 75 to 77 of our Form 20-F filed March 27, 2003 and on pages 61 to 64 of our Annual Report for 2002. 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 Industrial Holdings, 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 presents the level of unrealized gains (losses) and related effects for available for sale equity securities of DB Industrial Holdings, which reflect both the significant reductions in market prices since the effective date of the tax rate change and dispositions of industrial holdings. The deferred tax amount relating to the securities not sold has been frozen based on the level of market prices in 1999 and 2000.

| in € bn.  | Mar 31, 2003 | Dec 31, 2002 | Dec 31, 2001 | Dec 31, 2000 |
|---|--------------|--------------|--------------|--------------|
| Market value  | 4.5          | 5.3          | 14.1         | 17.5         |
| Cost  | 4.7          | 5.0          | 5.7          | 5.6          |
| Net unrealized gains (losses) in Other Comprehensive Income             | (0.2)        | 0.3          | 8.4          | 11.9         |
| Less deferred tax relating to 1999 and 2000 tax rate changes in Germany | 2.9          | 2.9          | 5.5          | 6.5          |
| <b>Other Comprehensive Income, net</b>                                  | <b>(3.1)</b> | <b>(2.6)</b> | <b>2.9</b>   | <b>5.4</b>   |

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 2002 and 2001 when we sold portions of our eligible equity securities. The gains resulting from most of these sales were not subject to tax. We reversed the deferred taxes which had accumulated in OCI, through December 31, 2000, in respect of these securities. We recognized these reversals as tax expense of € 30 million for the first quarter 2003, € 2.8 billion in fiscal 2002 and € 995 million in fiscal 2001 even though there is no tax actually payable on the gains.

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.

#### **Income Tax Expense from the Reversing Effect of the Change in Effective Tax Rate**

## Impact of Changes in Accounting Principles

### SFAS 146

Effective January 1, 2003, the Group adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"). SFAS 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS 146 replaces the guidance provided by EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The adoption of SFAS 146 did not have a material impact on the Group's consolidated financial statements.

### FIN 45

Effective January 1, 2003, the Group adopted the accounting provisions of FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 requires the recognition of a liability for the fair value at inception of guarantees entered into or modified after December 31, 2002. FIN 45 also addresses the disclosure to be made by a guarantor in its financial statements about its guarantee obligations. The adoption of FIN 45 did not have a material impact on the Group's consolidated financial statements.

### SFAS 148

The Group adopted the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") prospectively for all employee awards granted, modified or settled after January 1, 2003. This prospective adoption is one of the methods provided for under SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure." Generally, the fair value-based method under SFAS 123 results in higher compensation expense for stock options depending on the significant terms, such as the number of shares and exercise price, of the options being granted.

The majority of the Group's stock option awards are granted on a date shortly after the end of the performance year with an effective date as of the end of the performance year. The potential impact, if any, on the Group's consolidated financial statements of prospectively adopting the fair value provisions of SFAS 123 on future option awards and other share-based compensation plans is currently being evaluated.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). FIN 46 requires a company to consolidate entities that do not have sufficient independent equity if the company will absorb a majority of the entity's expected losses, or receive the majority of the entity's expected residual gains, or both. Securitization vehicles that are qualifying special purpose entities under SFAS 140 are excluded from the new rule and remain unconsolidated. The Interpretation is effective immediately for entities established after January 31, 2003, and is effective July 1, 2003, for entities created before February 1, 2003.

#### **FIN 46**

When this Interpretation becomes fully effective on July 1, 2003 it is reasonably possible that the Group will be required to consolidate or provide disclosures for entities which had total assets of € 45 billion at December 31, 2002.

## **Obligation to Purchase Common Shares**

The Group has entered into forward purchases of Deutsche Bank shares as part of a share buy-back program. The cash redemption amounts of these forwards 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 |              |
|------------------------------|--------------------|--------------|
|                              | Mar 31, 2003       | Mar 31, 2002 |
| Interest revenues            | 6,901              | 10,048       |
| Interest expense             | 5,595              | 8,323        |
| <b>Net interest revenues</b> | <b>1,306</b>       | <b>1,725</b> |

### Commissions and Fee Revenues

| in € m.   | Three months ended |              |
|---|--------------------|--------------|
|   | Mar 31, 2003       | Mar 31, 2002 |
| <b>Commissions and fees from fiduciary activities</b>   | <b>830</b>         | <b>842</b>   |
| Commissions for administration  | 109                | 146          |
| Commissions for assets under management   | 705                | 684          |
| Commissions for other securities business   | 16                 | 12           |
| <b>Commissions, broker's fees, markups on securities underwriting and other securities activities</b> | <b>855</b>         | <b>1,153</b> |
| Underwriting and advisory fees  | 343                | 478          |
| Brokerage fees  | 512                | 675          |
| <b>Fees for other customer services</b>   | <b>627</b>         | <b>640</b>   |
| <b>Total</b>  | <b>2,312</b>       | <b>2,635</b> |

### Net Gains (Losses) on Securities Available for Sale

| in € m.  | Three months ended |              |
|--|--------------------|--------------|
|  | Mar 31, 2003       | Mar 31, 2002 |
| Debt securities – gross realized gains                 | 14                 | 86           |
| Debt securities – gross realized losses <sup>1</sup>   | (13)               | (90)         |
| Equity securities – gross realized gains               | 25                 | 1,335        |
| Equity securities – gross realized losses <sup>1</sup> | (422)              | (293)        |
| <b>Total</b>   | <b>(396)</b>       | <b>1,038</b> |

<sup>1</sup> Includes write-downs for other-than-temporary impairment.

| in € m.   | Three months ended |              |
|---|--------------------|--------------|
|   | Mar 31, 2003       | Mar 31, 2002 |
| <b>Net income (loss), as reported</b>   | <b>(219)</b>       | <b>597</b>   |
| Add: Share-based compensation expense included in reported net income (loss), net of related tax effects <sup>1</sup>               | 98                 | 11           |
| Deduct: Share-based compensation expense determined under fair value method for all awards, net of related tax effects <sup>1</sup> | (10)               | (24)         |
| <b>Pro forma net income (loss)</b>  | <b>(130)</b>       | <b>583</b>   |
| Earnings (loss) per share   |                    |              |
| Basic – as reported   | € (0.37)           | € 0.95       |
| Basic – pro forma   | € (0.22)           | € 0.93       |
| Diluted – as reported   | € (0.37)           | € 0.94       |
| Diluted – pro forma   | € (0.22)           | € 0.92       |

### SFAS 123 Pro-forma-Information

<sup>1</sup> Amounts for the three months ended March 31, 2003 and 2002 do not reflect any share-based awards related to the 2003 and 2002 performance year, respectively. The majority of our share-based awards are granted on a date shortly after the end of the performance year with an effective date as of the end of the performance year.

## Information on the Balance Sheet

Deutsche Bank Group

### Trading Assets

| in € m.   | Mar 31, 2003   | Dec 31, 2002   |
|---|----------------|----------------|
| Bonds and other fixed-income securities                                   | 182,222        | 175,042        |
| Equity shares and other variable-yield securities                         | 41,270         | 47,354         |
| Positive market values from derivative financial instruments <sup>1</sup> | 70,692         | 65,729         |
| Other trading assets <sup>2</sup>   | 11,120         | 8,937          |
| <b>Total</b>  | <b>305,304</b> | <b>297,062</b> |

<sup>1</sup> Derivatives under master netting agreements are shown net.

<sup>2</sup> Includes loans held for sale.

### Trading Liabilities

| in € m.   | Mar 31, 2003   | Dec 31, 2002   |
|---|----------------|----------------|
| Bonds and other fixed-income securities                                   | 56,005         | 51,124         |
| Equity shares and other variable-yield securities                         | 20,000         | 17,987         |
| Negative market values from derivative financial instruments <sup>1</sup> | 64,752         | 62,101         |
| <b>Total</b>  | <b>140,757</b> | <b>131,212</b> |

<sup>1</sup> Derivatives under master netting agreements are shown net.

### Securities Available for Sale

| in € m.           | Mar 31, 2003  |                          |              |                | Dec 31, 2002  |                          |              |                |
|-------------------|---------------|--------------------------|--------------|----------------|---------------|--------------------------|--------------|----------------|
|                   | Fair value    | Gross unrealized holding |              | Amortized cost | Fair value    | Gross unrealized holding |              | Amortized cost |
|                   |               | gains                    | losses       |                |               | gains                    | losses       |                |
| Debt securities   | 13,364        | 303                      | (149)        | 13,210         | 13,652        | 292                      | (68)         | 13,428         |
| Equity securities | 7,662         | 271                      | (622)        | 8,013          | 7,967         | 783                      | (651)        | 7,835          |
| <b>Total</b>      | <b>21,026</b> | <b>574</b>               | <b>(771)</b> | <b>21,223</b>  | <b>21,619</b> | <b>1,075</b>             | <b>(719)</b> | <b>21,263</b>  |

### Problem Loans

| in € bn.  | Mar 31, 2003   |                                 |            | Dec 31, 2002   |                                 |             |
|---|----------------|---------------------------------|------------|----------------|---------------------------------|-------------|
|   | Impaired loans | Nonperforming homogeneous loans | Total      | Impaired loans | Nonperforming homogeneous loans | Total       |
| Nonaccrual loans                                  | 6.8            | 1.7                             | 8.5        | 8.5            | 1.6                             | 10.1        |
| Loans 90 days or more past due and still accruing | 0.3            | 0.3                             | 0.6        | 0.2            | 0.3                             | 0.5         |
| Troubled debt restructurings                      | 0.2            | –                               | 0.2        | 0.2            | –                               | 0.2         |
| <b>Total</b>                                      | <b>7.3</b>     | <b>2.0</b>                      | <b>9.3</b> | <b>8.9</b>     | <b>1.9</b>                      | <b>10.8</b> |



| Allowances for on-balance sheet positions<br>in € m. | Three months ended |              |
|--|--------------------|--------------|
|  | Mar 31, 2003       | Mar 31, 2002 |
| <b>Balance, beginning of year</b>                    | <b>4,317</b>       | <b>5,585</b> |
| Provision for loan losses                            | 380                | 270          |
| <b>Net charge-offs</b>                               | <b>(602)</b>       | <b>(503)</b> |
| Charge-offs  | (633)              | (520)        |
| Recoveries   | 31                 | 17           |
| Allowance related to acquisitions/divestitures       | (104)              | -            |
| Foreign currency translation                         | (76)               | 25           |
| <b>Balance, end of period</b>                        | <b>3,915</b>       | <b>5,377</b> |

#### Allowances for Credit Losses

| Allowances for off-balance sheet positions<br>in € m.      | Three months ended |              |
|--|--------------------|--------------|
|  | Mar 31, 2003       | Mar 31, 2002 |
| <b>Balance, beginning of year</b>                          | <b>485</b>         | <b>496</b>   |
| Provision for credit losses on lending-related commitments | (30)               | 114          |
| Allowance related to acquisitions/divestitures             | (3)                | -            |
| Foreign currency translation                               | (6)                | 1            |
| <b>Balance, end of period</b>                              | <b>446</b>         | <b>611</b>   |

| in € m.          | Mar 31, 2003  | Dec 31, 2002  |
|------------------|---------------|---------------|
| Commercial paper | 5,146         | 4,320         |
| Other            | 10,278        | 7,253         |
| <b>Total</b>     | <b>15,424</b> | <b>11,573</b> |

#### Other Short-term Borrowings

### Long-term Debt

| in € m.                  | Mar 31, 2003   | Dec 31, 2002   |
|--------------------------|----------------|----------------|
| <b>Senior debt</b>       |                |                |
| Bonds and notes          |                |                |
| Fixed rate               | 52,252         | 52,613         |
| Floating rate            | 41,847         | 42,046         |
| <b>Subordinated debt</b> |                |                |
| Bonds and notes          |                |                |
| Fixed rate               | 7,195          | 7,190          |
| Floating rate            | 2,114          | 2,206          |
| <b>Total</b>             | <b>103,408</b> | <b>104,055</b> |

### Liability for Restructuring Activities

| in € m.  | Total      |
|--|------------|
| <b>As of Dec 31, 2002</b>                          | <b>206</b> |
| Additions  | –          |
| Utilization  | 68         |
| Releases   | 2          |
| Reductions due to exchange rate fluctuations (net) | (6)        |
| <b>As of Mar 31, 2003</b>                          | <b>130</b> |

## Segment Information

From the beginning of 2003, the Group revised its management reporting systems to reflect changes in the organizational structure of its divisions and to reflect changes in management responsibility for certain businesses. Prior periods have been restated to conform to the current year's presentation.

As of January 1, 2003 the Group completed the realignment of its Private Clients and Asset Management Group Division (PCAM). PCAM was re-segmented from the three corporate divisions Asset Management, Private Banking and Personal Banking into the two new corporate divisions Asset and Wealth Management (AWM) and Private & Business Clients (PBC). The corporate division Asset and Wealth Management incorporates the former Asset Management Corporate Division and a new business division called Private Wealth Management, which globally focuses on serving Private Banking clients classified as ultra high net worth individuals (UHNW). Within the new corporate division Private & Business Clients, the former Personal Banking clients, Private Banking clients not classified as UHNW as well as small-corporate customers have been combined. This new corporate division serves private individuals, affluent clients, and small business clients in line with their needs in the Group's key markets.

Until December 31, 2002 the Group had a service function called DB Services that provided corporate services, information technology, consulting and transaction services to the entire organization. As of January 1, 2003, these service functions were moved into the group divisions and the Corporate Center. The goal of this realignment is to incorporate the business-related activities directly into the relevant business area.

The following significant changes in management responsibility have been implemented during the first quarter of 2003:

- The Private Clients Services business was transferred from the Corporate Banking & Securities Corporate Division (part of Corporate and Investment Bank Group Division; CIB) to the Asset and Wealth Management Corporate Division (part of PCAM Group Division).
- In connection with the realignment of PCAM, small corporate German customers, which had been assigned to CIB before, were transferred to Private & Business Clients.
- The Private Equity Fund of Funds Group, formerly reported under the group division Corporate Investments, joined "Deutsche Asset Management", which is part of PCAM. In addition the third party funds business in Australia was transferred from Corporate Investment to Asset Management.
- The Group transferred its Italian financial advisor network ("Finanza & Futuro Banca"), previously reported under Asset Management, to Private & Business Clients.

### Changes in the Organizational Structure

### Changes in Management Responsibility

### **Change in the Capital Allocation Framework**

The Group further refined its framework of allocating average active equity to the segments. The overriding objective remains to link the allocation mechanism with the economic risk positions of a segment.

Hence, to further increase the risk sensitivity of the framework, the Group decided to include goodwill and other intangible assets along with economic capital as additional driver of the book equity allocation.

For the restated full-year 2002 this meant that the € 3.8 billion average active equity formerly booked in "Adjustments" has now been allocated to the segments.

### **Changes in the Format of Segment Disclosure**

The most significant changes are as follows:

- The Group now discloses, "other items" and "underlying pre-tax profit", the ratios "underlying cost/income ratio" and "underlying RoE" (pre-tax) for its segments.
- The Group now includes severance payments and minority interest in underlying pre-tax profit, which is defined as income before income taxes excluding other items, goodwill impairment and restructuring activities.
- The Group, therefore, now separately discloses goodwill impairment, restructuring activities, minority interest and severance payments in order to provide more transparency. Previously these items were combined under the definition "nonoperating costs".
- The "operating cost base" is now defined as noninterest expenses less provision for off-balance sheet positions (reclassified to provision for credit losses), policyholder benefits and claims, minority interest, restructuring activities and goodwill impairment.
- The Group has refined some revenue components to reflect current business practice. For instance, revenues from insurance business are no longer disclosed separately, as the major part of it was sold in the second quarter of 2002.

Significant divestitures impacting segmental results of operations are described below:

- On January 31, 2003 the Group closed the sale of most of its Passive Asset Management business to Northern Trust Corp.
- The Group sold substantial parts of its Global Securities Services business to State Street Corporation effective January 31, 2003. The business units included in the sale were Global Custody, Global Funds Services (including Depotbank services), Agency Securities Lending, Global Performance Measurement and Benefit Payments businesses, which were previously included in the Global Transaction Banking Corporate Division.
- In January 2003 part of the German commercial real estate financing activities were transferred to EUROHYPO AG, an entity resulting from the merger of the Group's mortgage bank subsidiary "EUROHYPO AG Europäische Hypothekenbank der Deutschen Bank" with the mortgage bank subsidiaries of Dresdner Bank AG and Commerzbank AG in 2002.
- In February 2003 the Group completed the sale of 80% of its late-stage private equity portfolio, which had been managed under the Corporate Investments Group Division.

#### **Divestitures during the First Quarter of 2003**

### Segmental Results of Operations

| in € m.                                   | Corporate and Investment Bank | Private Clients and Asset Management | Corporate Investments | Total Management Reporting |
|---|-------------------------------|--------------------------------------|-----------------------|----------------------------|
| <b>Three months ended Mar 31, 2003</b>    |                               |                                      |                       |                            |
| Net revenues                              | 4,130                         | 1,990                                | (1,068)               | 5,052                      |
| Provision for loan losses                 | 260                           | 100                                  | 20                    | 380                        |
| Provision for off-balance sheet positions | (31)                          | 1                                    | –                     | (30)                       |
| Total provision for credit losses         | 229                           | 101                                  | 20                    | 350                        |
| Operating cost base <sup>1</sup>          | 2,455                         | 1,604                                | 239                   | 4,298                      |
| Policyholder benefits and claims          | –                             | 8                                    | –                     | 8                          |
| Minority interest                         | 3                             | 3                                    | (13)                  | (7)                        |
| Restructuring activities                  | (2)                           | –                                    | –                     | (2)                        |
| Goodwill impairment                       | –                             | –                                    | 114                   | 114                        |
| Total noninterest expenses <sup>2</sup>   | 2,456                         | 1,615                                | 340                   | 4,411                      |
| Therein: Severance payments               | 68                            | 31                                   | 6                     | 105                        |
| <b>Income (loss) before income taxes</b>  | <b>1,445</b>                  | <b>274</b>                           | <b>(1,428)</b>        | <b>291</b>                 |
| <b>Three months ended Mar 31, 2002</b>    |                               |                                      |                       |                            |
| Net revenues                              | 3,836                         | 2,639                                | 1,154                 | 7,629                      |
| Provision for loan losses                 | 169                           | 54                                   | 48                    | 271                        |
| Provision for off-balance sheet positions | 114                           | –                                    | –                     | 114                        |
| Total provision for credit losses         | 283                           | 54                                   | 48                    | 385                        |
| Operating cost base <sup>1</sup>          | 2,891                         | 1,762                                | 307                   | 4,960                      |
| Policyholder benefits and claims          | –                             | 640                                  | –                     | 640                        |
| Minority interest                         | 6                             | 18                                   | (1)                   | 23                         |
| Restructuring activities                  | 93                            | 246                                  | 1                     | 340                        |
| Goodwill impairment                       | –                             | –                                    | –                     | –                          |
| Total noninterest expenses <sup>2</sup>   | 2,990                         | 2,666                                | 307                   | 5,963                      |
| Therein: Severance payments               | 31                            | 21                                   | 1                     | 53                         |
| <b>Income (loss) before income taxes</b>  | <b>563</b>                    | <b>(81)</b>                          | <b>799</b>            | <b>1,281</b>               |

<sup>1</sup> Noninterest expenses less provision for off-balance sheet positions (reclassified to provision for credit losses), policyholder benefits and claims, minority interest, restructuring activities and goodwill impairment.

<sup>2</sup> Excludes provision for off-balance sheet positions (reclassified to provisions for credit losses).

### Segmental Results of Operations

| in € m.                                   | Corporate and Investment Bank  |                            | Private Clients and Asset Management |                            |
|---|--------------------------------|----------------------------|--------------------------------------|----------------------------|
|   | Corporate Banking & Securities | Global Transaction Banking | Asset and Wealth Management          | Private & Business Clients |
| <b>Three months ended Mar 31, 2003</b>    |                                |                            |                                      |                            |
| Net revenues                              | 3,097                          | 1,033                      | 887                                  | 1,103                      |
| Provision for loan losses                 | 250                            | 10                         | 4                                    | 96                         |
| Provision for off-balance sheet positions | (15)                           | (16)                       | –                                    | 1                          |
| Total provision for credit losses         | 236                            | (7)                        | 5                                    | 96                         |
| Operating cost base <sup>1</sup>          | 1,986                          | 469                        | 723                                  | 881                        |
| Policyholder benefits and claims          | –                              | –                          | 8                                    | –                          |
| Minority interest                         | 3                              | –                          | 3                                    | –                          |
| Restructuring activities                  | –                              | (2)                        | –                                    | –                          |
| Goodwill impairment                       | –                              | –                          | –                                    | –                          |
| Total noninterest expenses <sup>2</sup>   | 1,989                          | 467                        | 734                                  | 881                        |
| Therein: Severance payments               | 63                             | 5                          | 9                                    | 22                         |
| <b>Income before income taxes</b>         | <b>873</b>                     | <b>572</b>                 | <b>148</b>                           | <b>126</b>                 |
| <b>Three months ended Mar 31, 2002</b>    |                                |                            |                                      |                            |
| Net revenues                              | 3,141                          | 695                        | 731                                  | 1,908                      |
| Provision for loan losses                 | 175                            | (6)                        | –                                    | 54                         |
| Provision for off-balance sheet positions | 54                             | 60                         | –                                    | –                          |
| Total provision for credit losses         | 229                            | 54                         | –                                    | 54                         |
| Operating cost base <sup>1</sup>          | 2,321                          | 570                        | 673                                  | 1,089                      |
| Policyholder benefits and claims          | –                              | –                          | 11                                   | 629                        |
| Minority interest                         | 5                              | 1                          | 13                                   | 5                          |
| Restructuring activities                  | 93                             | –                          | 3                                    | 243                        |
| Goodwill impairment                       | –                              | –                          | –                                    | –                          |
| Total noninterest expenses <sup>2</sup>   | 2,419                          | 571                        | 700                                  | 1,966                      |
| Therein: Severance payments               | 27                             | 4                          | 9                                    | 12                         |
| <b>Income (loss) before income taxes</b>  | <b>493</b>                     | <b>70</b>                  | <b>31</b>                            | <b>(112)</b>               |

<sup>1</sup> Noninterest expenses less provision for off-balance sheet positions (reclassified to provision for credit losses), policyholder benefits and claims, minority interest, restructuring activities and goodwill impairment.

<sup>2</sup> Excludes provision for off-balance sheet positions (reclassified to provision for credit losses).

**Reconciliation of the Results  
of Total Management Reporting to the Group**  
in € m.

|  | Total<br>Management<br>Reporting | Adjustments | Total<br>Consolidated |
|--|----------------------------------|-------------|-----------------------|
| <b>Three months ended Mar 31, 2003</b>   |                                  |             |                       |
| Net revenues   | 5,052                            | (58)        | 4,994                 |
| Provision for loan losses  | 380                              | –           | 380                   |
| Provision for off-balance sheet positions  | (30)                             | –           | (30)                  |
| Remaining noninterest expenses <sup>1</sup>  | 4,411                            | (1)         | 4,410                 |
| Total noninterest expenses   | 4,381                            | (1)         | 4,380                 |
| <b>Income before income taxes</b>  | <b>291</b>                       | <b>(57)</b> | <b>234</b>            |
| <b>Three months ended Mar 31, 2002</b>   |                                  |             |                       |
| Assets   | 791,081                          | 11,172      | 802,253               |
| Average active equity  | 29,292                           | 87          | 29,379                |
| Average unrealized gains on securities available for sale, net of tax                                | –                                | (3,076)     | (3,076)               |
| Average deferred taxes accumulated due to changes<br>in effective tax rates and the reversing effect | –                                | 3,081       | 3,081                 |
| Average dividends  | –                                | 875         | 875                   |
| Average total shareholders' equity   | 29,292                           | 967         | 30,259                |
| <b>Three months ended Mar 31, 2002</b>   |                                  |             |                       |
| Net revenues   | 7,629                            | (82)        | 7,547                 |
| Provision for loan losses  | 271                              | (1)         | 270                   |
| Provision for off-balance sheet positions  | 114                              | –           | 114                   |
| Remaining noninterest expenses <sup>1</sup>  | 5,963                            | (70)        | 5,893                 |
| Total noninterest expenses   | 6,077                            | (70)        | 6,007                 |
| <b>Income before income taxes</b>  | <b>1,281</b>                     | <b>(11)</b> | <b>1,270</b>          |
| Assets <sup>2</sup>  | 750,238                          | 8,117       | 758,355               |
| Average active equity  | 30,765                           | –           | 30,765                |
| Average unrealized gains on securities available for sale, net of tax                                | –                                | 2,977       | 2,977                 |
| Average deferred taxes accumulated due to changes<br>in effective tax rates and the reversing effect | –                                | 5,905       | 5,905                 |
| Average dividends  | –                                | 875         | 875                   |
| Average total shareholders' equity   | 30,765                           | 9,757       | 40,523                |

<sup>1</sup> Excludes provision for off-balance sheet positions.

<sup>2</sup> As of December 31, 2002.

For the first quarters 2003 and 2002 the adjustments, recorded to reconcile the total results according to management reporting to the consolidated financial statements, include differences in accounting methods used for management reporting versus U.S. GAAP and corporate items, which are not under the responsibility of the segments.

For further information regarding the nature of these items, please refer to our Annual Report 2002 footnote section, note 28.



## Other Information

Deutsche Bank Group

### Financial instruments with off-balance sheet credit risk

| in € m.  | Mar 31, 2003 | Dec 31, 2002 |
|--|--------------|--------------|
| Commitments to extend credit   |              |              |
| Fixed rates <sup>1</sup>   | 24,717       | 21,724       |
| Variable rates <sup>2</sup>  | 75,802       | 81,802       |
| Financial guarantees, standby letters of credit and performance guarantees | 30,050       | 32,643       |

### Financial Instruments with Off-Balance Sheet Credit Risk

<sup>1</sup> Includes commitments to extend commercial letters of credit and guarantees of € 1.8 billion and € 2.2 billion at March 31, 2003 and December 31, 2002, respectively.

<sup>2</sup> Includes commitments to extend commercial letters of credit and guarantees of € 1.2 billion and € 1.3 billion at March 31, 2003 and December 31, 2002, respectively.

### Value-at-risk

| Value-at-risk by risk category <sup>1</sup><br>in € m. | Value-at-risk total |       | Interest rate risk |       | Equity price risk |       | Commodity price risk |      | Foreign exchange risk |       |
|--|---------------------|-------|--------------------|-------|-------------------|-------|----------------------|------|-----------------------|-------|
|  | 2003                | 2002  | 2003               | 2002  | 2003              | 2002  | 2003                 | 2002 | 2003                  | 2002  |
| Value-at-risk <sup>2</sup>                             | 39.81               | 32.94 | 44.20              | 29.12 | 16.95             | 13.75 | 3.61                 | 5.73 | 6.19                  | 6.84  |
| Minimum value-at-risk <sup>3</sup>                     | 32.27               | 29.36 | 27.62              | 24.67 | 12.97             | 13.43 | 3.61                 | 2.28 | 3.17                  | 2.64  |
| Maximum value-at-risk <sup>3</sup>                     | 50.23               | 88.86 | 46.37              | 58.48 | 24.50             | 89.26 | 16.70                | 8.66 | 14.39                 | 29.25 |
| Average value-at-risk <sup>3</sup>                     | 37.26               | 42.38 | 34.12              | 35.63 | 18.66             | 24.28 | 6.84                 | 5.35 | 6.44                  | 8.02  |

<sup>1</sup> All figures for 1-day holding period; 99% confidence level (CIB trading positions only).

<sup>2</sup> Figures for 2002 as of December 31, 2002; figures for 2003 as of March 31, 2003.

<sup>3</sup> Amounts show the bands within which the values fluctuated during the period January 1 – March 31, 2003 and the year 2002, respectively.

## Capital According to BIS

| in € m.  | Mar 31, 2003  | Dec 31, 2002  |
|--|---------------|---------------|
| <b>Tier I</b>  |               |               |
| Common shares  | 1,592         | 1,592         |
| Additional paid-in capital   | 11,163        | 11,199        |
| Retained earnings, consolidated profit, treasury shares, cumulative translation adjustment, share awards | 19,897        | 20,089        |
| Minority interests   | 257           | 401           |
| Noncumulative trust preferred securities   | 2,208         | 2,287         |
| Other (equity contributed by silent partners)  | 656           | 686           |
| Items deducted (principally goodwill and tax effect of available for sale securities)                    | (12,837)      | (13,512)      |
| <b>Total core capital</b>  | <b>22,936</b> | <b>22,742</b> |
| <b>Tier II</b>   |               |               |
| Unrealized gains on listed securities (45% eligible)   | –             | 138           |
| Other inherent loss allowance  | 625           | 687           |
| Cumulative preferred securities  | 950           | 995           |
| Subordinated liabilities, if eligible according to BIS   | 6,858         | 5,300         |
| <b>Total supplementary capital</b>   | <b>8,433</b>  | <b>7,120</b>  |
| <b>Total regulatory capital<sup>1</sup></b>  | <b>31,369</b> | <b>29,862</b> |

<sup>1</sup> Currently we do not have Tier III capital components.

## BIS Risk Position and Capital Adequacy Ratios

| in € m.                         | Mar 31, 2003 | Dec 31, 2002 |
|---------------------------------|--------------|--------------|
| BIS risk position <sup>1</sup>  | 238,751      | 237,479      |
| BIS capital ratio (Tier I + II) | 13.1%        | 12.6%        |
| BIS core capital ratio (Tier I) | 9.6%         | 9.6%         |

<sup>1</sup> Primarily comprised of credit risk weighted assets. Also includes market risk equivalent assets of € 5.8 billion (2002: € 6.2 billion).

## Group Quarterly Record

Figures according to U.S. GAAP

| <b>Balance Sheet</b>   |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|
| in € m.  | Mar 31, 2003 | Dec 31, 2002 | Sep 30, 2002 | Jun 30, 2002 | Mar 31, 2002 |
| Total assets   | 802,253      | 758,355      | 831,446      | 899,052      | 950,499      |
| Loans, net   | 167,524      | 167,303      | 187,433      | 247,687      | 257,723      |
| Liabilities  | 772,810      | 728,364      | 799,304      | 861,150      | 908,608      |
| Total shareholders' equity   | 29,443       | 29,991       | 32,142       | 37,902       | 41,891       |
| Tier I risk-based capital (BIS)  | 22,936       | 22,742       | 23,946       | 26,757       | 27,190       |
| Total risk-based capital (BIS)   | 31,369       | 29,862       | 32,096       | 36,917       | 40,163       |
| <b>Income Statement</b>  |              |              |              |              |              |
| in € m.  | Mar 31, 2003 | Dec 31, 2002 | Sep 30, 2002 | Jun 30, 2002 | Mar 31, 2002 |
| Net interest revenues  | 1,306        | 1,416        | 1,711        | 2,334        | 1,725        |
| Provision for loan losses  | 380          | 480          | 753          | 588          | 270          |
| Commissions and fee revenues   | 2,312        | 2,674        | 2,512        | 3,013        | 2,635        |
| Trading revenues, net  | 1,784        | 747          | 904          | 974          | 1,399        |
| Other noninterest revenues   | (408)        | 562          | 337          | 1,816        | 1,788        |
| <b>Total net revenues</b>  | <b>4,614</b> | <b>4,919</b> | <b>4,711</b> | <b>7,549</b> | <b>7,277</b> |
| Compensation and benefits  | 2,582        | 2,593        | 2,943        | 2,950        | 2,872        |
| Goodwill impairment  | 114          | 62           | -            | -            | -            |
| Restructuring activities   | (2)          | (22)         | -            | 265          | 340          |
| Other noninterest expenses   | 1,686        | 2,049        | 1,949        | 2,111        | 2,795        |
| <b>Total noninterest expenses</b>  | <b>4,380</b> | <b>4,682</b> | <b>4,892</b> | <b>5,326</b> | <b>6,007</b> |
| <b>Income (loss) before income tax expense (benefit) and cumulative effect of accounting changes</b> | <b>234</b>   | <b>237</b>   | <b>(181)</b> | <b>2,223</b> | <b>1,270</b> |
| Income tax expense (benefit)   | 423          | 228          | (12)         | 150          | 6            |
| Income tax expense from the reversing effect of the change in effective tax rate                     | 30           | 114          | 130          | 1,869        | 704          |
| Cumulative effect of accounting changes, net of tax  | -            | -            | -            | -            | 37           |
| <b>Net income (loss)</b>   | <b>(219)</b> | <b>(105)</b> | <b>(299)</b> | <b>204</b>   | <b>597</b>   |
| <b>Key Figures</b>   |              |              |              |              |              |
|  | Mar 31, 2003 | Dec 31, 2002 | Sep 30, 2002 | Jun 30, 2002 | Mar 31, 2002 |
| Basic earnings per share   | € (0.37)     | € (0.18)     | € (0.49)     | € 0.33       | € 0.95       |
| Diluted earnings per share   | € (0.37)     | € (0.18)     | € (0.49)     | € 0.32       | € 0.94       |
| Return on average total shareholders' equity (RoE)   | (2.9)%       | (1.5)%       | (3.3)%       | 2.0%         | 5.9%         |
| Cost/income ratio <sup>1</sup>   | 87.7%        | 86.7%        | 89.5%        | 65.5%        | 79.6%        |
| BIS core capital ratio (Tier I)  | 9.6%         | 9.6%         | 8.9%         | 9.3%         | 8.9%         |
| BIS capital ratio (Tier I + II + III)  | 13.1%        | 12.6%        | 12.0%        | 12.8%        | 13.2%        |
| Employees (full-time equivalents)  | 70,882       | 77,442       | 81,976       | 84,455       | 84,836       |

<sup>1</sup> Total noninterest expenses as a percentage of net interest revenues before provision for loan losses plus noninterest revenues.

## Group Executive Committee

**Josef Ackermann\***, born 1948, Board member since 1996. Spokesman of the Board of Managing Directors, Chairman of the Group Executive Committee and responsible for Corporate Development, Corporate Communications as well as Economics and Treasury.

**Clemens Börsig\***, born 1948, Board member since 2001. Chief Financial and Risk Officer, responsible for Controlling, Tax and Investor Relations as well as for Risk Management and Corporate Security.

**Michael Cohrs**, born 1956, Head of Global Corporate Finance.

**Jürgen Fitschen**, born 1948, Head of Global Transaction Banking, Global Banking Division and Global Relationship Management Germany.

**Tessen von Heydebreck\***, born 1945, Board member since 1994. Chief Administrative Officer, responsible for Corporate Cultural Affairs, Human Resources, Legal, Compliance and Audit.

**Tom Hughes**, born 1957, Head of Asset Management.



**Anshu Jain**, born 1963, Head of Global Markets.

**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.

**Rainer Neske**, born 1964, Head of Private & Business Clients.

**Kevin Parker**, born 1959, Head of Global Equities.

**Pierre de Weck**, born 1950, Head of Private Wealth Management.

**Ted Virtue**, born 1960, Head of Corporate Investments  
(until February 20, 2003).

**Herbert Walter**, born 1953, Head of Private & Business Clients  
(until March 19, 2003).

\* Member of the Board of Managing Directors of Deutsche Bank AG.



In alphabetical order  
from top left  
to bottom right

## Supervisory Board

### **Dr. Rolf-E. Breuer**

– Chairman,  
Frankfurt am Main

### **Heidrun Förster\***

– Deputy Chairperson,  
Deutsche Bank Privat- und  
Geschäftskunden AG, Berlin

### **Dr. rer. oec.**

#### **Karl-Hermann Baumann**

Chairman of the Supervisory  
Board of Siemens Aktien-  
gesellschaft, Munich

### **Dr. Ulrich Cartellieri**

Frankfurt am Main

### **Klaus Funk\***

Deutsche Bank Privat- und  
Geschäftskunden 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 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 (GmbH &  
Co KG), Hamburg

### **Klaus Schwedler\***

Deutsche Bank AG, 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

### **Chairman's Committee**

Dr. Rolf-E. Breuer

– Chairman

Dr. Ulrich Cartellieri

Heidrun Förster\*

Lothar Wacker\*

### **Mediation Committee**

Dr. Rolf-E. Breuer

– Chairman

Dr. Ulrich Cartellieri

Heidrun Förster\*

Ulrich Kaufmann\*

### **Audit Committee**

Dr. rer. oec.

Karl-Hermann Baumann

– Chairman

Dr. Rolf-E. Breuer

Dr. Ulrich Cartellieri

Heidrun Förster\*

Sabine Horn\*

Michael Freiherr Truchseß  
von Wetzhausen\*

### **Credit and Market Risk Committee**

Dr. Rolf-E. Breuer

– Chairman

Dr. rer. oec.

Karl-Hermann Baumann

Dr. Ulrich Cartellieri

Sir Peter Job

– Substitute Member

Adolf Kracht

– Substitute Member

\* elected by the staff

## Impressum

|  |   |  |
|--|---|--|
| <p><b>Deutsche Bank Aktiengesellschaft</b><br/>Taunusanlage 12<br/>D-60262 Frankfurt am Main<br/>Telephone: +49 69 9 10-00<br/><a href="mailto:deutsche.bank@db.com">deutsche.bank@db.com</a></p>                    | <p><b>Forward-looking statements contain risks</b></p>  | <p><b>Reconciliation of non-U.S. GAAP financial measures</b></p>   |
| <p>Investor Relations:<br/>+49 69 9 10-38080<br/><a href="mailto:db.ir@db.com">db.ir@db.com</a></p> <p>Annual Report on the Internet:<br/><a href="http://www.deutsche-bank.com/q1">www.deutsche-bank.com/q1</a></p> | <p>This report contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include 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.</p>   | <p>The letter reprinted on pages 1 through 3 refers to financial measures which contain adjustments to the most directly comparable financial measures calculated under U.S. GAAP. A reconciliation of such non-U.S. GAAP financial measures to the most directly comparable financial measures reported under U.S. GAAP is contained in our Investor Relations Release of April 30, 2003. This release can be downloaded from <a href="http://www.deutsche-bank.com/ir">www.deutsche-bank.com/ir</a>.</p> |
| <p><b>Photos</b></p> <p>Giovanni Castell, Hamburg<br/>page 50</p> <p>Matthias Ziegler, Munich<br/>pages 50 and 51</p>  | <p>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 of March 27, 2003 on pages 9 through 13 under the heading "Risk Factors". Copies of this document are available upon request or can be downloaded from <a href="http://www.deutsche-bank.com/ir">www.deutsche-bank.com/ir</a>.</p> |  |

#### **Financial Calendar for 2003/2004**

|                      |   |
|----------------------|---|
| <b>June 10, 2003</b> | <b>General Meeting in the<br/>Festhalle Frankfurt am Main (Exhibition Center)</b> |
| June 11, 2003        | Dividend payment  |
| July 31, 2003        | Interim Report as at June 30, 2003  |
| October 30, 2003     | Interim Report as at September 30, 2003   |
| February 5, 2004     | Publication of figures for the 2003 financial year                                |
| April 30, 2004       | Interim Report as at March 31, 2004   |
| <b>June 2, 2004</b>  | <b>General Meeting in the<br/>Festhalle Frankfurt am Main (Exhibition Center)</b> |
| June 3, 2004         | Dividend payment  |
| July 30, 2004        | Interim Report as at June 30, 2004  |
| October 29, 2004     | Interim Report as at September 30, 2004   |



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## **SECTION IV: ADDITIONAL INFORMATION**

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## ADDITIONAL INFORMATION FOR LUXEMBOURG

*Application has been made to list the Securities on the Luxembourg Stock Exchange.*

*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**

*[Subject to completion with reference to the type of Securities issued]*

### **2. 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

### **3. 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 Register of Commerce and Companies (Registre de Commerce et des Sociétés 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 12882, subject to application at the relevant time, to list Securities to be issued under the X-markets Programme.

### **4. 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*.

### **5. Subscription Period**

[In the Grand Duchy of Luxembourg, subscription forms for the Securities are available at the offices of Deutsche Bank Luxembourg SA and Banque de Luxembourg and applications to subscribe for the Securities may be made at the offices of Deutsche Bank Luxembourg SA during the period commencing on [●] up and including [●] at the Offer Price However, the Issuer reserves the right for any reason to close the subscription period prior to its stated expiry.]

### **6. Settlement and Clearing**

The Global Security will be deposited with a depositary and has been accepted for clearing by Euroclear Bank S.A./N.V, as operator of the Euroclear System and

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Clearstream Banking, société anonyme under security and clearing codes set out below.

**ISIN Code**

**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, 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 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.

**9. Responsibility of the Issuer**

Subject as set out in Information Relating to the Underlying 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.

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## **ISSUER**

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