Balance statement of Deutsche Bank Privat- und Geschäftskunden AG as of December 31, 2009

Assets

	12.31.2009		12.31.2008
	€	**€**	**T€**
1 Cash reserves			
Cash in hand		837,897,644.45	919,546
2 Government debt instruments and bills of exchange approved for refinancing at central banks			
Bills of exchange		0.00	0
of which:			
refinanceable at the Deutsche Bundesbank € 0			
3 Accounts receivable related to credit institutions			
a) Payable daily	688,838,335.22		3,729,038
b) Other receivables	45,777,102,397.43		50,361,326
		46,465,940,732.65	54,090,364
4 Receivables related to clients		52,690,821,595.76	50,234,499
of which:			
secured by collateral 24,231,739,265.04			(22,102,888)
communal credit 203,658,646.86			(213,947)
5 Debenture bonds and other fixed-interest securities			
Loans and debentures from other issuers		7,305,258,704.35	8,804,248
of which:			
lendable at the Deutsche Bundesbank € 0			(2.385.826)
6 Shares and other non-fixed-interest securities		73,434,183.36	1,020,478
7 Holdings		7,767,886.92	7,946
of which:			
credit institutions € 1,084,175.90			(1,084)
8 Shares in affiliated companies		2,168,877,967.83	966,516
of which:			
credit institutions € 995,785,318.84			(938,573)
9 Assets in trust		2,066,162.75	2,352
of which:			
Trust credits € 2,006,162.75			(2,352)
10 Intangible assets		1,133,394.00	1,569
11 Fixed assets		228,475,180.00	216,454
12 Other assets		517,248,690.76	274,667
13 Prepayments and accrued income		29,565,302.65	38,705
Total assets		**110,328,487,445.48**	**116,577,344**

Deutsche Bank
Privat- und Geschäftskunden AG

Liabilities

	12.31.2009		12.31.2008
	€	€	T€
1 Liabilities related to credit institutions			
a) Payable daily	1,035,261,999.15		1,260,917
b) With agreed term or notice period	21,976,759,836.55		21,252,811
		23,012,021,835.70	22,513,728
2 Liabilities related to clients			
a) Savings deposits			
aa) with agreed notice periods of three months	16,501,577,596.72		14,597,249
ab) with agreed notice of more than three months	19,310,059,507.06		25,848,279
		35,811,637,103.78	40,445,528
b) Other liabilities			
ba) Payable daily	18,140,960,720.81		14,835,069
bb) With agreed term or notice period	4,452,649,377.49		6,566,420
		22,593,610,098.30	21,401,489
		58,405,247,202.08	61,847,017
3 Securitized liabilities			
Issued debentures		56,446.55	56
4 Trust liabilities		2,066,162.75	2,352
of which:			
Trust credits € 2,006,162.75			(2,352)
5 Other liabilities		24,734,254,778.11	27,299,476
6 Prepayments and accrued income		192,805,757.73	183,244
7 Provisions			
a) Provisions for pensions and similar obligations	897,935,195.28		863,597
b) Tax reserves	0.00		0
c) Other provisions	417,787,337.47		306,800
		1,315,722,532.75	1,170,397
8 Subordinate liabilities		0.00	894,761
9 Equity capital			
a) Subscribed capital	550,000,000.00		550,000
b) Capital reserves	2,116,312,729.81		2,116,313
		2,666,312,729.81	2,666,313
Total liabilities		**110,328,487,445.48**	**116,577,344**
1 Contingent liabilities			
Liabilities from guarantees and guarantee contracts		344,768,622.08	365,355
2 Other obligations			
Irrevocable loan commitments		3,813,661,260.65	3,748,964

Profit and loss statement of Deutsche Bank Privat- und Geschäftskunden AG
for the period from January 1 to December 31, 2009

Expenditures

	2009			2008
	€	**€**	**€**	**T€**
1 Interest costs			4,139,760,703.42	3,194,046
2 Commission costs			315,156,916.53	371,844
3 General management expenses				
a) Personnel expenses				
aa) wages and salaries	894,159,206.65			750,944
ab) Social contributions and costs for occupational pension and for support	269,901,963.61			265,570
of which:		1,164,061,170.26		1,016,514
for retirement plans € 100,487,539.66 previous year T€ 105,622				
b) Other management costs		1,108,437,363.12		1,055,233
			2,272,498,533.38	2,071,747
4 Write-offs and value adjustments to intangible assets and fixed assets			20,271,308.77	27,269
5 Other operational expenses			59,337,739.93	54,776
6 Write-offs and value adjustments to receivables and certain securities as well as additions to reserves in the credit business			261,824,225.37	285,529
7 Expenses from holdings, shares in affiliated companies and securities treated as assets			146,536,869.93	6,755
8 Costs from loss transfers			9,419,101.22	0
9 Taxes on income and earnings			92,510.00	-1,150
10 Due to a profit-transfer agreement, transferred profits			231,563,353.41	668,994
11 Annual net income			0.00	0
Total expenses			**7,456,461,261.96**	**6,679,810**

			Earnings
	2009		2008
	€	€	T€
1 Interest earnings from			
a) credit and money market transactions	5,510,452,760.64		4,532,157
b) Fixed-interest securities and government ledger bonds	505,217,379.92		557,072
		6,015,670,140.56	5,089,229
2 Current earnings from			
a) Shares and other non-fixed-interest securities	342,385.86		52,227
b) Holdings	955,628.08		2,074
c) Shares in affiliated companies	13,285,657.50		23,664
		14,583,671.44	77,965
3 Earnings from profit-transfer contracts		2,484,123.91	7,550
4 Commission earnings		1,274,504,540.03	1,488,404
5 Earnings from additions to holdings and Shares in affiliated companies		0.00	0
6 Other operational earnings		149,218,786.02	16,662
Total earnings		**7,456,461,261.96**	**6,679,810**

Appendix

A. Preliminary remarks

In connection with the law taking effect on January 1, 2007, concerning the implementation of the new banking guidelines (§ 2a Para. 1 of KWG) and the new capital adequacy guidelines, Deutsche Bank PGK rarely exercises its so-called waiver regulation. There was thus no disclosure to BaFin and the Deutsche Bundesbank regarding regulations and compliance with §§ 10, 13, and 25a Para. 1 Sentence 3 No. 1 of KWG.

B. Legal basis

The **year-end results** of Deutsche Bank PGK for the 2009 fiscal year were structured according to the specification of the HGB [German Commercial Code] (especially §§ 340ff.) in combination with the ordinance concerning Invoicing of Credit Institutions and Financial Services Institutions (Rech-KredV) and in compliance with the applicable regulations of the Aktiengesetz (AktG).

C. Balance sheet, valuation, and statement methods

During **valuation** of the assets and debts listed in the year-end results, the general principles of valuation (§§ 252ff. of HGB), the special regulations for corporations (§§ 279 ff. of HGB) and the specific valuation guidelines applicable for credit institutions (§§ 340e ff. of HGB) were considered.

The **cash reserves** are valued at their face value. Foreign note and coin holdings are valued at the exchange rates applicable at year end.

Bills of exchange approved for refinancing at the central bank are valued at face value, less the proportional discount.

The statement of **claims against credit institutes and clients** – less required adjustments – is at face value. Differences between the face value and the issue value are reflected in passive prepayments and accrued income and resolved proportionally over time. Provision for general bank risk pursuant to § 340f Para. 1 of HGB was offset by claims against clients.

Securities are basically balanced in compliance with the impairment loss requirement pursuant to § 280 of HGB according to the strict lowest-value principle applicable for current assets, with their cost of procurement or with the lower market values or the lower fair value. Securities assigned to assets are balanced according to the lower-of-cost-or-market principle using continued acquisition costs or, in case of long-term value reduction, at the lower value.

The fair value of investment fund shares from outside funding of pension obligations (purchase of investment fund shares as security and fulfillment of pension obligations) and from insolvency security of retirement obligations is determined according to the redemption price less amounts received and not paid, which reflects the proportional value of the special fund.

For fund assets associated with the operational retirement plan "Contribution plan 2005," based on the valuation unit, the time value can be determined for valuation of the pension reserves.

Investment fund shares purchased in the context of the db zeitinvest benefit account system at the request of employees were posted at their value on the date of closing in the balance sheet item **Other assets**. To the same extent, other liabilities towards employees for the payment saved and reserves for the employer portion for social security are posted as liabilities.

Investments and holdings in affiliated companies are shown for the first time this fiscal year at their costs of acquisition or at the lower value on the closing date.

The investment fund shares and one participation listed under securities and other assets are held by Treuinvest e.V., Frankfurt am Main, as asset trustee in its legal possession in the context of insolvency security for pension and partial retirement obligations, based on the economic ownership of the bank but still shown as an asset in the appropriate balance sheet item. The trust fund is subject to access restrictions.

Fixed assets and **intangible assets** acquired by payment are always valued at their cost of procurement or manufacturer, which, insofar as the assets are consumable, are subject to scheduled depreciation according to their useful business life. Unplanned depreciation is carried out for expected value reductions. Low-value business goods are handled according to the changed tax regulations valid as of January 1, 2008. In the context of a group-wide regulation, there was an adaptation during the fiscal year of the life of fixed assets that led to a positive results effect of €1.7 million.

Liabilities to clients and credit institutions, securitized liabilities, and other liabilities are always posted with their repayment amount. Other liabilities primarily included issue obligations for purchased customer requirements from the securitizing transactions carried out in 2008 ("Zugspitze 2008-1" and "Rhoen 2008-1") and 2009 ("Spessart 2009-1"). These are listed at their repayment amounts, less the failures defined in the context of the transaction and less a discount. The transaction "Spessart 2009-1" is structured analogously to the transactions "Zugspitze 2008-1" and "Rhoen 2008-1," however, with the option of credit filling.

Multiple tranches of the interest-bearing structured deposit product "Deutsche Bank Zinsplus" were also issued in 2009. Customer deposits, the option premium included, and a corresponding prepayment and accrued income post were listed separately.

Provisions for pensions and similar obligations, with the exception of "Contribution Plan 2005," are posted in accordance with actuarial principles using the partial value procedure of § 6a of EStG and using a base accounting rate of 6% with the Heubeck standard tables 2005 G. For anniversary payments, the interest rate of 5.5% is used.

In the "Contribution Plan 2005," the bank provides savings contributions and risk contributions for employees on a yearly basis. The savings contributions are invested in fund shares. The reserves for "Contribution Plan 2005" are posted as the sum of the time value of the fund assets and the cash value of the risk supplement on the date of valuation. If this value is lower than the partial value according to § 6a of EStG, the reserves are raised to the partial value.

Reserves for contingent liabilities and the threat of loss from pending transactions are calculated according to the principles of reasonable business judgment in the amount of the anticipated requirement.

Provision for risk in the credit business includes value adjustments and reserves for all detectable credit rating and country risks, latent failure risks, and provision for general bank risks.

The **value adjustment method** for the greater part of the credit portfolio is based on a standardized mechanical single-value adjustment procedure. The credit portfolio is divided into a homogeneous and a non-homogeneous portion, whereby a distinction is made in the homogeneous portfolio among multiple subportfolio groups. The decisive criterion for the standardized single-value adjustment calculation is the performance loss depending on the days a credit or contractually agreed payment stream is overdue or that an approved credit line is overdrawn for line products. If the days late exceed a defined limit, depending on the homogeneous subportfolio group, a partial write-off is performed on the security value or a partial write-off in the amount of the average portfolio failure (severity). Using this value adjustment method based on a statistical model and past data, the objectivization of value adjustment can be achieved. As of December 31, 2009, about 96% of the total client credit volume of Deutsche Bank PGK was assigned to the homogeneous portfolio. In the context of calculation of value adjustments for this portfolio, model assumptions and write-off rates were adapted in 2009. This caused a one-time effect on results due to dissolution of risk provisions of €32.3 million as well as refraining from write-offs of €41.5 million. The remaining client credits and claims against credit institutions are classified as non-homogeneous, since they are not comparable due to their size, complexity, or low unit count. These credits continue to be subject to single-case consideration and are individually adjusted as needed.

Latent credit risk is handled in the form of fixed-value adjustments. The calculation of the fixed adjustment for the non-homogeneous credit portfolio is oriented towards the expected loss if the claim fails (expected-loss method). In the homogeneous credit portfolio, value adjustments are classified as fixed adjustments insofar as the delay in the payment stream is less than 90 days.

Value adjustments are also carried out for all detectable country risks. The transfer risk for credits to creditors in foreign states (country risk) is valued based on a Deutsche Bank group-wide rating system that takes into consideration the economic, political, and regional situation.

There is also a **provision for general banking risk** pursuant to § 340f. Para. 1 of HGB. The option in § 340 f. Para. 3 of HGB (closing of expenses and yields from certain posts) is exercised.

The market risk position of Deutsche Bank PGK is largely limited to interest rate change risks. The bank has no trade holdings and thus meets the requirements for recognition as a non-trade book institution. The interest rate change risks especially induced by client business are securitized using **derivative financial transactions** in the form of interest rate swaps, forward rate agreements, swaptions, caps, floors, financial futures, and options. In the balance sheet, the delimited accrued interest from the interest rate swaps is closed under the "Claims against credit institutions" post. The option premiums paid for swaptions purchased are shown under "Other assets" until the option matures, and after the maturity date, it is distributed into the active invoice delimitation posts and costs distributed over the lifetime of the underlying swaps. The option premiums paid for caps and floors purchased are also shown under "Other assets." The premium for expiration of a suboption (caplet, floorlet) is distributed over the securitization period of the caplet or floorlet. Liabilities from futures transactions (variation margin received) is posted under "Other liabilities." There are also derivative positions for the securitization of embedded risks in structured deposit products from customers. Cross-currency swaps are concluded for securitization of interest risks from US dollar demand deposits.

Forward foreign currency transactions are then carried out by Deutsche Bank PGK on the client's behalf. These are securitized by Deutsche Bank PGK on the same day using back-to-back transactions with Deutsche Bank AG. For forward foreign currency transactions, as for other foreign currency derivatives, special coverage is defined according to § 340h of HGB. For forward foreign currency transactions on the client's behalf and the associated back-to-back transactions, these lead to cash-value collection of the fixed margin at the conclusion of the contract. The realized and unrealized profits resulting from this contract trade are shown in provision results.

Contingent liabilities are shown after deduction of risk provision.

D. Currency conversion

Currency conversion in the year-end report of Deutsche Bank PGK is carried out according to the principles specified in § 340h of HGB, as well as those in statement 3/1995 issued by the Banking Committee of the Institute of Business Auditors.

E. Notes on individual items in the balance sheet and income statement

I. Balance sheet as of December 31, 2009

1. Assets

The claims payable daily (€0.7 billion) in **Claims against credit institutions** include claims against Deutsche Bank AG (DB AG) (€0.6 billion) – including from interest accrued – and other affiliated credit institutions

Of other claims against credit institutions (€45.8 billion), €19.0 billion are on assets at DB AG for liquidity disposition, claims from security lending transactions (€17.5 billion), and credits to DB AG for optimization of the hedge strategy in the Deutsche Bank Group (€4.1 billion). Other notable claims include those against the group companies Deutsche Bank Bauspar-Aktiengesellschaft (Deutsche Bank Bauspar AG) (€2.1 billion), norisbank GmbH (€0.8 billion), Deutsche Bank PBC Spólka Akcyjna, Warsaw (Deutsche Bank PBC S.A.) (€0.7 billion), Deutsche Bank Societá per Azioni (Deutsche Bank S.p.A.), Milan (€0.6 billion), Deutsche Bank S.A./N.V., Brussels (€600 million), and the Berliner Bank AG & Co. KG (€0.5 billion). The position also includes securitized claims in the amount of €75.0 million. These include Berliner Bank AG & Co. KG at €60.0 million (subordinate) and Deutsche Bank Bauspar AG at €15.0 million (subordinate). There are also subordinate claims against DB AG branch Colombo at €8.7 million. Subordinate claims are only satisfied in the case of liquidation or insolvency of the debtor after satisfaction of all other non-subordinate creditors. Subordinate status cannot be limited and the period cannot be shortened.

Receivables from clients break down as follows:

	In millions of EUR	
Type of credit business	**12.31.2009**	**12.31.2008**
Construction financing	42,357	39,508
Commercial loans	3,821	3,803
Personal loans	4,951	5,019
Other loans	1,562	1,904
Total	**52,691**	**50,234**

Claims against credit institutions include €46.4560 billion (€75.0 million of which is securitized), and claims against clients include €45.1 million against affiliated companies or companies with which there is a holding relationship.

As of December 31, 2009, taking the valuation regulations into consideration, the book value of market-capable **debenture bonds and other fixed-interest securities** ran to €7.3503 billion, €43.9 million of which went to interest accrued. The item includes debenture bonds from securitization transactions from 2008 and 2009 of €6.6342 billion and subordinate debenture bonds issued by DB AG of €671.1 million (previous year €0 million).

The balance sheet post **Stocks and other non-fixed-interest securities** (€73.4 million) includes shares in non-market-traded investment funds of Deutschen Asset Management Investmentgesellschaft mbH that may only be used for the fulfillment of pension obligations (€66.9 million) and partial retirement obligations (€6.5 million) to employees and pensioners. The drop in comparison with the previous year (-€947.0 million) is due to a group-wide, Germany-wide asset pooling project in which the funds shares held to that point were first liquidated and the proceeds largely used for the purchase of SICAV shares with subsequent transfer into the group company Mainsee 650. VV GmbH, Frankfurt am Main.

The trends in **assets** of the Deutsche Bank PGK during the 2009 fiscal year are as follows:

Financial assets In millions EUR	Version 12.31.2008	Changes	Version 12.31.2009
Fixed asset securities	8,804.2	-1,498.9	7,305.3
Holdings	7.9	-0.1	7.8
Shares in affiliated companies	966.5	1,202.4	2,168.9
Total	**9,778.6**	**-296.6**	**9,482.0**

Asset securities with a balance sheet value of €7.3053 billion include both securities purchased in the context of the securitization transactions "Zugspitze 2008-1," "Rhoen 2008-1," and "Spessart 2009-1" as well as securities purchased from DB AG to securitize guaranteed interest claims from a structured fixed-term deposit. Fixed asset securities are balanced at their cost of acquisition; the value of securities held on the closing date was €7.2674 billion. For securities in the amount of €6.6342 billion with a value of €6.5963 billion, there is no write-off of the lower value, since the value reduction due to monthly interest adjustment on securities is considered merely temporary. When calculating this value, changes in the liquidity spread made since initiation of the transaction due to long-term holding intent, and the credit spread due to consideration already made of credit risk in the risk provision, are not included. There were write-offs due to actual failures.

Fixed assets	**Procurement costs**			**Revaluation/write-offs and adjustments**			**Book value**	
In millions EUR	Version 1.1.2009	Additions	Disposals	Version 1.1.2009	Current Year	Disposals	Version 12.31.2009	Version 12.31.2008
Fixtures and fittings	470.9	31.9	1.0	254.4	19.8	0.9	228.5	216.5
Intangible assets	6.0	0.3	0.3	4.4	0.5	0.0	1.1	1.6
Total	**476.9**	**32.2**	**1.3**	**258.8**	**20.3**	**0.9**	**229.6**	**218.1**

The balance sheet item **Shares in affiliated companies** includes:

Shares in affiliated companies Name and headquarters of company	Capital interest in %	Currency EUR/PLN	Equity capital 2009 in TEUR	Result 2009 in TEUR
Credit Institutions:				
Berliner Bank AG & Co. KG, Berlin	100.00	EUR	203,338	1,338
Berliner Bank Beteiligungs AG, Berlin	100.00	EUR	1,233	219
Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland	100.00	PLN	1,108,672	-42,737
Other companies:				
KEBA Gesellschaft für interne Services mbH, Frankfurt am Main[2)]	100.00	EUR	1,299	1,677
Mainsee 650. VV GmbH, Frankfurt am Main	22.28	EUR	5,170,369	1,884
PBC Services GmbH der Deutschen Bank, Frankfurt am Main (previously: Mainsee 608. V V GmbH)[2) 3)]	100.00	EUR	25	208
SENA Grundstücks-Vermietungsgesellschaft mbH & Co. Object Halle II KG, Düsseldorf[1)]	99.94	EUR	-10,721	-745
Servicegesellschaft der Deutschen Bank Privat- und Geschäftskunden mbH, Bonn[2) 3)]	100.00	EUR	3,093	-9,419
TEBA Beteiligungsgesellschaft mbH & Co. Objekt Wasserwerk Oranienburg KG i.L., Waltersdorf[1)]	99.79	EUR	-	-

Telefon-Servicegesellschaft der Deutschen Bank mbH, Frankfurt am Main[2)]	100.00	EUR	2,301	599
TESATUR Beteiligungsgesellschaft mbH & Co. Object Halle I KG, Düsseldorf [1)]	94.48	EUR	-8,249	-283
TESATUR Beteiligungsgesellschaft mbH & Co. Object Nordhausen I KG, Düsseldorf [1)]	94.43	EUR	-1,889	-124
Vertriebsgesellschaft mbH der Deutschen Bank Privat- und Geschäftskunden, Berlin [1)]	51.00	EUR	1,962	1,302

1) Result 2008

2) Profit-transfer agreement

3) Control agreement

With the completion of the squeeze-out process in 2009, Deutsche Bank PGK purchased the last shares still in third-party possession (293,154 shares) and now holds 100% of the base capital of **Deutsche Bank PBC Spólka Akcyjna,** Warsaw, Poland. Moreover, there was an increase in the base capital of **Deutschen Bank PBC Spólka Akcyjna** of 257,013,000 PLN to 838,668,552 PLN carried out in June 2009. The entry in the Polish commercial register took place on September 4, 2009. In all, Deutsche Bank PGK held 2009 shares by year end, increasing its share of the base capital of Deutschen Bank PBC Spólka Akcyjna to 838,668,552 shares.

During the fiscal year in the context of the group-wide pension pooling, shares were purchased in **Mainsee 650. VV GmbH,** Frankfurt am Main. On the date of closing, Deutsche Bank PGK held 22.28% of shares.

The renaming of **Mainsee 608. VV GmbH**, Frankfurt am Main, to **PBC Services GmbH der Deutschen Bank**, Frankfurt am Main was resolved in the shareholders' meeting of May 13, 2009. As of May 13, 2009, a profit and loss transfer agreement was concluded between **PBC Services GmbH der Deutschen Bank** and Deutsche Bank PGK. The renaming and conclusion of the corporate charter were registered on May 29, 2009 in the trade register of PBC Services GmbH of Deutsche Bank.

The balance sheet item **Holdings** includes:

Holdings Name and headquarters of company of which share > 20%	Capital interest profit in %	Equity capital 2008 in TEUR	Result 2008 in TEUR
SOLON Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Heizkraftwerk Halle KG i.L., Halle [4)]	30.53	15,210	24,038
Immobilien-Vermietungsgesellschaft Schumacher & Co. Objekt Rolandufer KG, Berlin	20.53	-17,524	3,531

4) Result 2007

SOLON Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Heizkraftwerk Halle KG i.L., Halle, has been in liquidation since January 1, 2008.

The shares posted in **Saarländischen Investitionskreditbank AG** in the amount of €1.0044 million are capable of market trading, but the company is not yet public.

The **trust assets and trust liabilities** listed in the balance sheet are receivables from customers or liabilities to credit institutions in the amount of €2.1 million each.

The largest single items in **Other assets** (€517.2 million) include: Upfront payments and interest accrued for swaps in connection with the security transactions "Spessart 2009-1" (€132.8 million), "Rhoen 2008-1" (€129.0 million), and "Zugspitze 2008-1" (€58.5 million), option premiums paid for swaptions, caps, floors, and options (€130.9 million), DWS and DeAM investment fund shares purchased in the context of the db zeitinvest benefit account system (€23.6 million), and a claim due to repayment of corporation tax credits (€13.6 million).

Prepayments and accrued income under assets (€29.6 million) primarily include delimitations for premiums for mature swaptions and caplets (€15.5 million) as well as for the deposit product "Deutsche Bank Zinsplus" (€3.9 million) and period-appropriate representation of provisions (€6.5 million).

2. Liabilities

Liabilities towards credit institutions fall primarily on companies of the Deutsche Bank Group and special credit institutions from payment of purpose-specific moneys. Liabilities towards DB AG are €9.6 billion. Of this, a volume of €4.1 billion is based on transactions for the optimization of the hedge strategy in the Deutsche Bank Group and €3.9 billion on refinancing with various residual maturity, of which €0.8 billion with a residual maturity of over 5 years. There are also liabilities towards DB AG from refinancing transactions of €1.2 billion as well as from security transactions connected with existing client foreign currency requirements. The liability from the profit-transfer agreement of €0.2 billion is also included. Other notable deposits include those for the group companies norisbank GmbH (€3.9 billion), Berliner Bank AG & Co. KG (€2.8 billion), Deutsche Bank S.A./N.V, Brussels (€0.6 billion), Deutsche Bank Bauspar AG

(€0.6 billion), and Deutsche Bank S.p.A., Milan (€0.6 billion). Purpose-specific funds of the KfW bank group amount to €4.8 billion.

Liabilities towards clients apply to the following deposits:

	In millions of EUR	
Type of deposit business	**12.31.2009**	**12.31.2008**
Daily payable deposits	18,141	14,835
Fixed-interest savings with agreed notice period of more than three months	19,117	25,585
Savings deposits with agreed notice period of three months	16,501	14,597
Deposits with agreed duration or notice period	4,453	6,566
Other savings deposits	193	264
Total	**58,405**	**61,847**

Liabilities towards credit institutions include €18.0844 billion and liabilities towards clients include €21.7 million towards affiliated companies or companies with which there is a holding relationship.

Securitized liabilities (€0.1 million) are residual reserves from mature debenture bonds issued by the former Deutsche Bank Saar AG, but not yet redeemed by the subscribers.

Other liabilities (€24.7343 billion) consist largely of the following items: Issue obligations for client requirements connected with the securitized transactions "Zugspitze 2008-1" (€19.4896 billion) and "Rhoen 2008-1" (€2.9040 billion), as well as the transaction "Spessart 2009-1" (€1.7826 billion) initiated in 2009. There are also liabilities from upfront payments received for swaps in connection with the security transaction "Zugspitze 2008-1" (€320.6 million), capital gains tax and solidarity tax (€67.6 million), liabilities from deliveries and services (€47.0 million), liabilities from pension obligations (€39.2 million) and efficiency measures (€22.6 million), the db zeitinvest benefit account system (€19.8 million), deducted income tax and insurance contributions (€14.0 million), as well as from the obligation to accept the losses of a subsidiary (€9.4 million).

The balance sheet items listed above on the liability side include a total of €7.6201 billion in liabilities with a remaining period of over five years.

Prepayments and accrued income under assets list €192.8 million, primarily including limitations from credit processing fees in the amount of €129.2 million and differential amounts pursuant to § 340e Para. 2 Sentence 2 of HGB in the amount of €42.1 million. Furthermore, it includes accrued income from swap transactions (€13.3 million) and from commission business of €8.2 million.

Other provisions (€417.8 million) primarily include personnel-related provisions (€379.2 million) for final special payments, anniversary bonuses, provisions in the context of efficiency measures taken in the fiscal year, preretirement payments, compensation payments based on refusal of salary, and vacation claims outstanding on the date of closing. There are also significant provisions (€38.6 million) for operational risks, risks from the credit business, rental obligations and demolition costs for unused office space in the context of the bundling of our sales network carried out in the previous years, and regranting liabilities for provisions from brokered transactions.

The subordinate loan of €894.8 million issued as of December 31, 2008 to DB AG was repaid with a due date of September 1, 2009. Through August 31, 2009, interest costs of €16.0 million were payable for the subordinate loan. The average interest rate of the loan, equipped with the three-month Euribor rate plus usual market margin, was 2.67%.

Equity capital as of December 31, 2008, breaks down into an unchanged €550.0 million in subscribed capital and €2.1163 billion in capital reserves. Subscribed capital is divided into 275 million bearer shares with an arithmetic share of two Euros each.

The exercise of the **waiver regulation** of § 2a of KWG by Deutsche Bank PGK means that it is no longer subject to single-institution oversight pursuant to § 10 of KWG (SolvV) and is thus free of the obligation to calculate liable equity capital.

According to a voluntary pro-forma calculation, **liable equity capital** pursuant to the KWG was €2.8303 billion as of December 31, 2009. This includes €2.6652 billion in core capital and €180.00 million in supplemental capital. For the core capital, intangible assets with a book value of €1.1 million are accounted for as withdrawal posts. The repayment of the supplemental capital (€442.9 million in the previous year) is based primarily on the payability of a subordinate liability.

DB AG, Frankfurt am Main, is the sole **shareholder** of Deutsche Bank PGK. Deutsche Bank PGK held none of its own shares during the reporting period or on the date of closing.

For liabilities towards credit institutions of €4.9101 billion, assets in the same amount were used as collateral. The background of these transactions is the transmission of purpose-specific assets (e.g., credits from the KfW banking group from special sponsorship processes) to our clients, assigning the client claim and the securities for them to the sponsoring institution.

3. Balance sheet remarks

The **Contingent liabilities** listed under the balance sheet line include €55 million from the placement of securities for third-party liabilities. Deutsche Bank PGK placed a security with a nominal value of €55 million as collateral for a credit line from the KfW banking group to Deutsche Bank PBC S.A.

The irrevocable loan commitments included in **other liabilities** resulted primarily from book and currency credits to non-banks as well as an irrevocable loan commitment of €700 million to Berliner Bank AG & Co. KG.

4. Remaining time distribution of selected balance sheet items

Remaining time distribution of claims:

In millions of EUR	12.31.2009	12.31.2008
Other receivables at financial institutions	**45,777**	**50,361**
With a remaining time		
Up to three months	4,488	5,511
More than three months to one year	6,177	17,390
More than one year to five years	12,951	5,515
Over five years	22,161	21,945
Receivables from clients	**52,691**	**50,235**
With a remaining time		
Up to three months (including payable daily)	3,728	3,996
More than three months to one year	2,683	2,531
More than one year to five years	12,485	12,137
Over five years	33,730	31,479
Indeterminate period	65	92

As of December 31, 2009, as in the previous year, other claims against credit institutions do not include credits from construction savings reserve contracts concluded.

Remaining time distribution of liabilities:

In millions of EUR	12.31.2009	12.31.2008
Liabilities to credit institutions with agreed duration or notice period	**21,977**	**21,253**
With a remaining time		
Up to three months	2,220	4,458
More than three months to one year	2,266	1,964
More than one year to five years	10,057	7,586
Over five years	7,434	7,245
Savings deposits with agreed notice period of over three months	**19,310**	**25,848**
With a remaining time		
Up to three months	7,952	6,506
More than three months to one year	5,165	17,775
More than one year to five years	6,163	1,551
Over five years	30	16
Other liabilities to clients with agreed duration or notice period	**4,453**	**6,566**
With a remaining time		
Up to three months	2,755	5,329
More than three months to one year	298	798
More than one year to five years	1,244	276
Over five years	156	163
Securitized liabilities	**0.1**	**0.1**
With a remaining time		
Up to three months	0.1	0.1
More than three months to one year	0	0
More than one year to five years	0	0
Over five years	0	0

5. Relationships with affiliated companies and companies, in which participating interests are held

Relationships with affiliated companies

In millions of EUR	12.31.2009	12.31.2008
Receivables at financial institutions (not securitized)	46,381	54,004
Receivables at clients (not securitized)	45	49
Subordinate liabilities at financial institutions (securitized)	75	75
Liabilities relating to financial institutions (not securitized)	18,084	17,232
Liabilities relating to clients (not securitized)	22	37
Subordinate liabilities relating to financial institutions (securitized)	0	895

Relationships with companies, in which participating interests are held

In millions of EUR	12.31.2009	12.31.2008
Receivables at financial institutions (not securitized)	0	0
Receivables at clients (not securitized)	0	0
Subordinate liabilities at financial institutions (securitized)	0	0
Liabilities relating to financial institutions (not securitized)	0	0
Liabilities relating to clients (not securitized)	0	0
Subordinate liabilities relating to financial institutions (securitized)	0	0

6. Assets and debt in foreign currency

On the asset side there are fixed assets in the amount of €1.8566 billion, and in the liability items there are debts included in the amount of €1.8449 billion in **foreign currency**.

II. Income statement for period from January 1 to December 31, 2009

Earnings from **interest and interest-like yields** (€1.8930 billion) fell in the 2009 fiscal year by €87.7 million in comparison with the previous year. The drop in interest earnings is due to our security transactions, which burden the interest earnings of Deutsche Bank PGK with €43.2 million. In the client business we were able to achieve a slight increase, with interest earnings from the credit business growing significantly. In the deposit business, on the other hand, earnings fell despite increased average volume. Earnings from our investment fund shares used for insolvency insurance of pension obligations fell by €51.9 in 2009, in line with expectations. Current income from securities, holdings, and shares in associated companies (including results from profit-transfer agreements) were significantly lower in comparison with the previous year.

The drop in current earnings by €63.4 million to €14.6 million was largely based on the fact that for 2008 no dividends were paid out for the investment fund shares held to date for insolvency security of pension obligations (previous year: €51.9 million). Current income from securities, holdings, and shares in associated companies (including results from profit-transfer agreements) were significantly lower in comparison with the previous year.

Commission income (€959.3 million) fell in 2009 by €157.2 million (-14.1%) in comparison with the previous year. This is largely due to the drop in earnings from securities, by €168.7 million to €458.7 million.

Personnel costs (€1.1641 billion) rose in 2009 by €147.5 million in comparison with the previous year. The reason for the increase is primarily increased costs for salary increases, higher social contributions, and efficiency measures carried out during the fiscal year. The last included the bundling of work processes into other group companies. Pay increases as well as higher social contributions. A countereffect was exerted by the drop in performance-department bonus payments.

Other operational earnings grew by €132.6 million in the 2009 fiscal year to €149.2 million. The increase was due almost entirely to earnings from the resolution of liabilities from the issue obligations to the special-purpose companies "Zugspitze 2008-1 GmbH," "Rhoen 2008-1 GmbH," and "Spessart 2009-1 GmbH." They were counteracted by write-offs in the same amount in the corresponding P&L items.

Other operational expenses (€59.3 million) rose in the 2009 fiscal year by €4.6 million in comparison with the previous year. These primarily consist of invoices from shares of asset/liability management results in affiliated companies and expenses for incorrect processing and damage compensation.

Write-offs and value adjustments for shares, holdings in affiliated companies and securities treated as assets primarily include write-offs on securities purchased in connection with the securitization transactions. The write-offs are performed on the basis of the failures in the underlying client portfolio defined in the context of the transaction and are not due to worsening credit ratings on the part of the issuers. Moreover, the item includes write-offs on shares of Mainsee 650. VV GmbH in the amount of €6.7 million due to group-uniform procedures.

The item **Expenses from transfer of losses** includes the results of the Servicegesellschaft der Deutschen Bank Privat- und Geschäftskunden mbH, Bonn, transferred to Deutsche Bank PGK due to an existing profit-transfer agreement. The company's loss resulted from expenses in connection with the efficiency increase measures started in 2009.

The item **Taxes on income and earnings** (€0.1 million) includes tax payments from changed tax statements for the former Deutsche Bank Lübeck AG, previously Handelsbank, Lübeck (merged into Deutsche Bank PGK in 2003).

Due to the existing **control and profit-transfer agreement**, profit in the amount of €231.6 million was transferred to DB AG.

F. Other Information

I. Liability situation and other financial obligations

The payment obligations for next year from rent and leasing agreements were €387.6 million as of the date of closing; of that, €271.7 million applied to liabilities to affiliated companies. There are also yearly payment obligations for guarantee premiums in the amount of €77 million from a guarantee contract concluded with a group company during the fiscal year over five years for the securitization of unexpected risks in the credit portfolio of Deutsche Bank PGK.

Futures transactions not yet carried out on the closing date of the balance sheet primarily include interest rate swaps, cross-currency swaps, forward rate agreements, swaptions, caps, floors, and futures used to securitize the market risk position, as well as client-induced foreign currency transactions for which back-to-back transactions were concluded with DB AG. There are also derivative positions for the securitization of embedded risks in structured deposit products from customers.

From **cooperation agreements** with different contractual partners, such as Arvato GmbH, there resulted financial obligations in the amount of €54.8 million. The agreed terms of contracts end in the period between December 2009 and February 2012.

From **Holdings in affiliated companies** in TEBA Beteiligungsgesellschaft mbH & Co. Objekt Wasserwerk Oranienburg KG i. L., SENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Halle II KG, TESATUR Beteiligungsgesellschaft mbH & Co. Objekt Nordhausen I KG, and TESATUR Beteiligungsgesellschaft mbH & Co. Objekt Halle I KG there is also a resumption of liability in the amount of €13.6 million pursuant to § 172 Para. 4 of HGB.

From **holdings** in SOLON Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Heizkraftwerk Halle KG i.L., TELO Beteiligungsgesellschaft mbH & Co. Objekt Kläranlage Waßmannsdorf, and Immobilien-Vermietungsgesellschaft Schumacher & Co. Objekt Rolandufer KG there is also a resumption of liability in the amount of €28.8 million pursuant to § 172 Para. 4 of HGB.

The following table – broken down by residual maturity – shows the nominal amounts and market values of **derivative finance transactions** concluded for the management of interest change rate from client business:

Values in million €		OTC			Market traded
Residual maturity		**Interest Rate Swaps***	**CCY Swaps**	**Swaptions/ Caps/Floors**	**Futures**
Up to 1 year	**Nominal value**	**37,402**	**188**	**150**	**0**
	Market value	**-26**	**1**	**0**	**0**
1 to 5 years	**Nominal value**	**55,082**	**263**	**7,790**	**0**
	Market value	**-175**	**1**	**56**	**0**
Over 5 years	**Nominal value**	**55,132**	**0**	**5,140**	**0**
	Market value	**-770**	**0**	**69**	**0**
Total	**Nominal value**	**147,616**	**450**	**13,080**	**0**
	Market value	**-971**	**2**	**126**	**0**

*** Includes EONIA swaps and Forward Rate Agreements**

Additional interest rate swaps were concluded in the context of the securitization transactions. These are shown in the following table:

Values in million €		Interest swaps			
Residual maturity		**Zugspitze 2008-1 GmbH**	**Rhoen 2008-1 GmbH**	**Spessart 2009-1 GmbH**	**Total**
Over 5 years	**Nominal value**	**21,351**	**3,192**	**2,064**	**26,607**
	Market value	**1,158**	**205**	**163**	**1,526**
Total	**Nominal value**	**21,351**	**3,192**	**2,064**	**26,607**
	Market value	**1,158**	**205**	**163**	**1,526**

For valuation of derivatives, generally recognized methods (discounted cash flow, e.g. for interest rate swaps; single-factor interest structure curve model, e.g. for swaptions) and generally accessible market data are used.

Forward foreign currency transactions are then carried out by Deutsche Bank PGK on the client's behalf. These are securitized by Deutsche Bank PGK on the same day using back-to-back transactions with DB AG. The nominal values of transactions totaled €65.0 million. The market value of the position comes to €88,000.

In combination with the structured fixed-term deposits issued during the fiscal year, the following derivatives exist:

Values in million €		**OTC**		
Residual maturity		**Options**		
		Interest	**Equity**	**total**
Up to 1 year	**Nominal value**	**0**	**50**	**50**
	Market value	**0**	**1**	**1**
1 to 5 years	**Nominal value**	**362**	**0**	**362**
	Market value	**1**	**0**	**1**
Over 5 years	**Nominal value**	**0**	**0**	**0**
	Market value	**0**	**0**	**0**
Total	**Nominal value**	**362**	**50**	**412**
	Market value	**1**	**1**	**2**

II. Information about affiliated companies

100% of the fully paid subscribed capital of €550.0 million is held by **Deutsche Bank AG**, Frankfurt am Main.

Deutsche Bank PGK is a **subsidiary institution** in the exempting consolidated financial statement pursuant to § 291 Para. 2 of HGB of Deutsche Bank AG, Frankfurt am Main, on December 31, 2009. This was prepared according to the International Financial Reporting Standards (IFRS) and can be requested from DB AG. For the explanations of the balancing, valuation, and consolidation methods deviating from German law in the exempting consolidated financial statement, we refer to the Appendix of the Yearly Report for DB AG. Documentation subject to mandatory disclosure is submitted to the operator of the electronic Bundesanzeigers (Federal Gazette) in Bonn. A partial consolidated statement was not prepared by Deutsche Bank PGK.

III. Other

Information about the total payment to the auditor pursuant to § 285 Sentence 1 No. 17 of HGB was omitted, since the corresponding information in the consolidated financial statement of DB AG includes these amounts.

All transactions – including to associated persons – were carried out at market terms.

G. Composition of the organizations and information about the organizations

Members of the Board of Directors

Rainer Neske
Speaker

Andreas Arndt *until May 31, 2009*

Dr. Roland Folz *since June 1, 2009*

Guido Heuveldop

Dr. Christian Ricken

Karl von Rohr *since November 1, 2009*

Hanns-Peter Storr

Frank Strauß

Members of the Supervisory Board

Hermann-Josef Lamberti

Chairman

Member of the Board, Deutsche Bank Aktiengesellschaft

Stefan Rudschäfski

chairman pro tem

Appointee of Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft

Dr. Hugo Bänziger *until September 23, 2009*

Member of the Board, Deutsche Bank Aktiengesellschaft

Udo Behrenwaldt

Supervisory committee

Artur Biehler

Appointee of Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft

Heiner Birnstiel

Appointee of Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft

Martin Edelmann

Chief Finance Officer Group Reporting Deutsche Bank Aktiengesellschaft

Jürgen Fitschen

Member of the Board, Deutsche Bank Aktiengesellschaft

Heidrun Förster

Appointee of Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft

Jürgen Hain

Appointee of Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft

Wilhelm von Haller *from May 26, 2009 to December 15, 2009*

General Manager, Sal. Oppenheim jr. & Cie. KGaA

Dr. Michael Kröner *as of December 16, 2009*

Global Head of Tax, Deutsche Bank Aktiengesellschaft

Dr. Stephan Kunze *until May 31, 2009*

Former member of the Board of Management of DWS Investment GmbH

Wolfgang Matis

Head of Global Markets Germany Deutsche Bank Aktiengesellschaft

Karin Ruck

Union representative of Deutschen Bankangestelltenverbandes DBV

Rita Schlink

Appointee of Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft

Axel Schwarzer *since September 23, 2009*

Member of the Board of Directors of DWS Investment GmbH

Rolf Stockem

Union secretary at ver.di Vereinte Dienstleistungsgewerkschaft

Arne Wittig

General Counsel Deutsche Bank Aktiengesellschaft

Committees of the Supervisory Board

Executive committee

Hermann-Josef Lamberti
Chairman

Stefan Rudschäfski*
Chairman pro tem

Dr. Hugo Bänziger *until September 23, 2009*

Heiner Birnstiel*

Jürgen Fitschen *since October 29, 2009*

Mediation committee

Hermann-Josef Lamberti
Chairman

Stefan Rudschäfski*
Chairman pro tem

Martin Edelmann

Jürgen Hain*

Auditing committee

Hermann-Josef Lamberti
Chairman

Stefan Rudschäfski*
Chairman pro tem

Artur Biehler*

Martin Edelmann

Committee for credit and market risks

Hermann-Josef Lamberti

Chairman

Dr. Hugo Bänziger *until September 23, 2009*

Martin Edelmann

Wilhelm von Haller

from October 29, 2009 to December 15, 2009

Replacement member *from July 22, 2009 until October 29, 2009*

Replacement members

Udo Behrenwaldt
Dr. Stephan Kunze *until May 31, 2009*
Wolfgang Matis *since October 29, 2009*

* selected by employees

The **total remuneration of the Board of Directors** of Deutsche Bank PGK in the 2009 fiscal year was €3.4 million (including €0.1 million for resigned members). Payments were partly made through DB AG in amounts different from the previous year. Total remuneration includes cash bonuses, restricted incentive awards, and restricted equity awards. For the 2009 fiscal year, the Board of Directors received stock options in the amount of €0.6 million. These are already included in total remuneration cited above. No stock options were issued to resigned members of the board. The members of the supervisory board of Deutsche Bank PGK were granted subscriptions totaling €101,100 in the 2009 fiscal year; former members of the Board and their survivors drew pension payments amounting to €0.4 million in the 2009 fiscal year. Reserves for pension obligations towards previous members of the Board of Directors totaled €9.8 million. There are no other obligations towards former members of the Board of Directors and earlier members of the supervisory board.

As of December 31, 2009, there were €3.7 million in advances and credits to members of the Board of Directors. Advances and credits in the amount of €2.8 million were granted to members of the supervisory board.

Task description of the committees

Executive committee

The executive committee is responsible for concluding, changing, and terminating appointment contracts with members of the Board of Directors and for preparing decisions of the supervisory committee regarding the appointment and dismissal of members of the Board of Directors, including long-term successorship planning in the board. The executive committee also provides a recommendation to the supervisory plenary board for the total remuneration of individual members of the Board and on the structure of the remuneration system for the Board, including significant contractual elements. The executive committee is also responsible for all legal transactions with active and former members of the Board of Directors pursuant to § 112 AktG and issues approval of contracts with members of the supervisory committee pursuant to § 114 AktG.

Mediation committee

Pursuant to § 27 Para. 3 of MitbestG, the mediation committee must present the supervisory committee with a draft appointment of members of the Board of Directors within one month after approval if the majority prescribed by § 27 Para. 2 of MitbestG is not achieved in the supervisory committee.

Auditing committee

In the meetings of the auditing committee, the yearly statement including audit reports and, if issued, the semiannual statement of the bank are determined in preparation for the meeting of the general supervisory committee. The auditing committee also makes decisions about ordering audits from the business auditor pursuant to § 111 Para. 2 of AktG, and payment of the auditor. The auditing committee can determine the focus of audits. The auditing committee is also responsible for the monitoring of the invoicing process, the effectiveness of the internal accounting system, the risk management system, and internal review system, as well as for the final audit.

Committee for credit and market risks

According to § 8 Para. 1 of the Articles of Association of the supervisory committee, the committee for credit and market risks is responsible for handling credits that require the approval of the supervisory committee according to law or articles (intercompany loans pursuant to § 15 of KWG). It also reports on credit risk strategy, credit portfolios, credits, questions of capital resources, and opportunities that are of particular importance due to the associated risks or liabilities or other reasons.

H. Mandates in supervisory committees required by law in large corporations

Boards of Management

Dr. Roland Folz

Studio Babelsberg AG, Berlin
Chairman pro tem of the Supervisory Board

V-Bank AG, Munich
Chairman pro tem of the Supervisory Board

Guido Heuveldop

Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland
Chairman of the Supervisory Board

Deutsche Bank Polska Spólka Akcyjna, Warsaw, Poland
Member of the Supervisory Board

Deutsche Bank Societá per Azioni, Milan, Italy
Member of the Supervisory Board

RREEF Investment GmbH, Eschborn
Member of the Supervisory Board

SCHUFA Holding AG, Wiesbaden
Chairman pro tem of the Supervisory Board

Servicegesellschaft der Deutschen Bank Privat- und Geschäftskunden mbH, Bonn
Chairman of the Supervisory Board

Dr. Christian Ricken

Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland
Member of the Supervisory Board

Frank Strauß

Deutsche Bank Bauspar-Aktiengesellschaft, Frankfurt am Main
Chairman of the Supervisory Board

Employees

Dr. Michael Berendes

Deutsche Bank Bauspar-Aktiengesellschaft, Frankfurt am Main
Chairman pro tem of the Supervisory Board

Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland
Member of the Supervisory Board

Ulrich Christmann

Deutsche Bank Bauspar-Aktiengesellschaft, Frankfurt am Main
Member of the Supervisory Board

Thomas Klee

Servicegesellschaft der Deutschen Bank Privat- und Geschäftskunden mbH, Bonn
Member of the Supervisory Board

Dr. Hans-Martin Kraus

Servicegesellschaft der Deutschen Bank Privat- und Geschäftskunden mbH, Bonn
Chairman pro tem of the Supervisory Board

Thomas Rodermann

DWS Investment GmbH, Frankfurt am Main
Member of the Supervisory Board

Zürich Beteiligungs-Aktiengesellschaft (Germany), Frankfurt am Main
Member of the Supervisory Board

Jochen Weller

Saarländische Investitionskreditbank Aktiengesellschaft, Saarbrücken
Member of the Supervisory Board

I. Number of employees

Deutsche Bank PGK employed the following employees on average in 2009:

	Male employees	Female employees	Total
Full-time employees	5,047	4,418	9,466
Part-time employees	106	2,922	3,028
Other employees	127	1,168	1,295
Staff	**5,281**	**8,508**	**13,789**

At of the end of the year, the number of employees fell in comparison to the previous year, from 13,799 to 13,548.

Frankfurt am Main, Germany, February 19, 2010

Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft

Der Vorstand

Rainer Neske

Dr. Roland Folz

Guido Heuveldop

Dr. Christian Ricken

Karl von Rohr

Hanns-Peter Storr

Frank Strauß

Management report for the 2009 fiscal year

A. Financial crisis and its effects on banks

2009, especially from the point of view of the global banking sector, was the third year characterized by the global financial crisis. The global **financial and economic crisis** triggered by the bursting of the American subprime bubble reached its peak in 2009. For the first time since the Second World War, global economic output registered a contraction (-1%). The penalties in the yearly average were primarily due to the poor winter of 2008/2009. Since spring, leading indicators have recovered worldwide, and the GDP of the large industrial nations has grown since mid-year, with recovery in the United States somewhat more dynamic than in Europe. In Germany, a massive drop in exports and investments led to a 5% reduction in GDP. The economic recovery in summer lost some of its momentum in the final quarter, according to preliminary information from the Federal Office of Statistics.

In contrast with the previous year, there were fewer massive market failures, value corrections, and short-term measures for the stabilization of the financial markets. Instead, in addition to consequences internal to the banks, the focus was particularly on the beginnings of a basic reworking of the regulatory framework for the financial industry in order to avoid similar crises in the future.

After the uncertainty over the solvency of financial institutions at the beginning of the year and after the depth of the global recession led to a further reduction in value on the capital markets, general stabilization overtook markets thanks to the unprecedented support measures for the financial sector and the economy in the spring. The ECB reduced the prime rate from 2.5% at the start of the year to a record low of 1% by mid-May, in four steps. The valuations of shares, loans, raw materials, and other securities recovered by the end of the year, some significantly, but remained well below the pre-crisis level. Increasing worries about the capacity of government budgets in view of the massive increase in deficits and debt quotas also led to further strong movements in prices and markets in some instances.

The strong increase in financing requirements, particularly in the industrialized nations, benefited the issue and trade business of investment banks. Larger companies also relied increasingly on new outside or equity capital: Although the risk tolerance of investors began to rise again with the overall economic recovery and stabilization of the financial sector, some banks remained conservative in issuing credit or tightened their credit conditions. In Germany, a reduced demand for credit for investments and consumer and real estate loans also had an effect on credit volumes on bank balance sheets. The increasingly bright macroeconomic perspectives in the second half of the year led to at least a moderate improvement in the credit demand situation. At the same time there was a higher incidence of credit failure. The primary reasons were high overcapacities in some industrial sectors, an increasing number of corporate and private insolvencies, and an increase, however slight, in unemployment. In asset management, on the other hand, higher valuations had a positive effect on the managed asset volume and the inflow of new funds.

Below the line, the profitability situation of many German banks remained precarious in the past year. After the aggregate net loss in 2008, the significantly friendlier capital market environment in 2009 did relieve some of the burden, but at the same time the drastic increase in risk provisions exerted pressure on profits. The overall theme of the year – the management of the global financial and economic crisis – was also seen in significant adaptations of business models of many banks around the world, and a series of far-reaching initiatives for the reform of the national and international financial market architecture.

B. Operational business activities

1. Positive contribution to results despite difficult environment and great challenges

The **Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft** (hereinafter Deutsche Bank PGK), as a 100% subsidiary within the Deutsche Bank Group, is the primary platform for the Private & Business Clients market segment and is part of the **Private & Business Clients Division** (hereinafter PBC). Despite the difficult market situation, Deutsche Bank PGK achieved a positive result in 2009 with a **pre-tax profit of €232 million**, again proving the permanent value of their business model. Our model of balanced growth – with simultaneous consideration of the three dimensions of client, employee, and shareholder – again proved successful.

2. Sales structure

Deutsche Bank PGK, as a component of the PBC division, aimed primarily towards private clients, the self-employed, and smaller to medium-sized companies. Through multiple sales channels, it provides these clients with an extensive range of modern banking services, such as account management, credit and deposit business, and pension and asset consulting. The offering of PBC in Germany is extended by Deutsche Bank itself, as well as the independent institutions norisbank and Berliner Bank.

PBC sees itself as a consulting organization with sales competence, with the goal of activating the market for private and business clients in Germany, as well as continuing to establish its leading position by profitable growth. Sales at PBC is based on a comprehensive **multichannel strategy** through

- Investment & FinanzCenter (IFC),
- Integrated mobile sales,
- Financial consulting offices (FBB) for mobile sales
- Telephone banking
- Online Banking & Brokerage
- Self-service zones and machines
- Third-party sales and cooperations.

Our IFCs' stationary network is the central driver for personal contact with our clients. This is where we can focus on consulting and advising discussions, while other services and technical transactions, such as cash supply, wire transfers, or the printing of account and deposit statements, largely take place by use of the self-service machines or online banking.

2.1 Marketing networks permanently programmed for growth

As of the end of December 2009, Deutsche Bank PGK works with its private and business clients in 773 **IFCs**, the **Q110 branch of the future**, and 397 **self-service (SB) banking units**. These 1,171 sales units offer our clients a broad self-service banking offering, best service, extensive customer service, and outstanding advice with an extensive first-class product offering. This marketing network, which is also positioned well in comparison with our competition, is a solid starting basis for continued increases in customer satisfaction. In 2009, we decided to postpone the planned extension of our stationary sales network in the context of the general economic situation. The acquisition of new customers and improved customer proximity, however, remained in focus. This should be implemented by extending the sales network with offices in central, easily accessible locations.

The good experience and knowledge from the Q110 branch of the future should be utilized even more in our branch network with the acceptance of some of its elements, for example, the lounges. To simplify initial contact with bank consultants in a relaxed atmosphere, we want to install lounges in another 60 IFCs, so that by the end of 2010 around 260 IFCs should be equipped with lounges. The thorough renovation of our IFCs has been continued in reduced scope The 338 branches that have been renovated today offer an outstanding start for the permanent achievement of our goals. Higher client satisfaction and improved working conditions for our employees contribute permanently to the success of Deutsche Bank PGK.

Our **mobile sales**, with 184 financial consulting offices and 1,523 financial consultants, perfectly complements the IFCs and SB banking units, contributing still more to client proximity. Mobile Sales, as an integrated sales channel, is a significant component of our value creation chain. 2010 will also see a focus on the extension of mobile sales.

Service quality and scope were rounded out by our **SB banking units** By the end of 2009 throughout Germany, our clients had access to about 3,100 banking terminals, about 1,635 of which had document readers; and 2,000 ATMs, a third of which had deposit functions. At about 255 million client contacts, this was the most-used access by clients to our account services. To be able to continue to provide our customers with a highly modern, powerful infrastructure, starting in 2010 we will replace our SB units with the latest generation of devices – equipped with more customer convenience and even better security.

Our offer was also complemented by **telephone banking**. Our Call Center services can be utilized by our customers daily around the clock. Moreover, the employees at our Call Center often handle the first client conversations for our IFCs in the context of marketing campaigns, make consulting appointments, or take telephone calls. In the context of legitimate customer contacts for systematic sales discussions of select products, more than 30,000 product sales were achieved directly on the telephone in 2009. In the past year, more than 2.4 million customers used the db TelefonBanking service.

It is our goal to continue to improve the service quality of the direct channels and telephone sales activities, in order to continue to build client relationships.

2.2 Online sales on the move again

The goal in the redesign of our **online banking** in 2009, in addition to a modern, forward-looking architecture, was the functional extension of the online capability to conclude product sales.

In all, more than 100 different business cases can now be handled through online banking. To increase user friendliness and security, the mobile TAN was introduced in online banking. The customer is sent an individual TAN by SMS to his or her mobile telephone number to confirm his or her request. For existing customers, the introduction of the TAN purchase function made it possible to conclude the sale of legally binding products directly and conveniently. In 2009, with about 3.5 million online customers and over 240 million customer contacts, we saw significantly higher access figures on the PBC portal.

maxblue is the **online brokerage offering** from Deutsche Bank. It provides private investors with all the means and access to the world's capital markets they need to implement their individual investment and financial decisions by making their own market trades. The service offering was extended in 2009 with current video interviews with investment experts and publications in the form of audio books. Furthermore, maxblue extended the number of investment funds at half-price issuing costs for their customers to more than 5,150. The product line in security savings plans was extended by the 30 tradable DAX figures as well as 21 market-traded investment funds.

2.3 Successful cooperations and third-party sales

Deutsche Bank PGK worked successfully with its cooperation partners, continuing to establish its private client business and thus its position as the leading private client bank. The good experience of previous years validated our plan to enter additional **strategic partnerships**. Select cooperations are described below.

Since 2001 **Deutsche Vermögensberatung Aktiengesellschaft** (DVAG) has extended the mobile sales force of Deutsche Bank. With over 37,000 investment advisors, DVAG is one of the leading independent financial sales organizations. The strategic sales partnership with Deutsche Bank opens the attractive product line of Deutsche Bank and the extensive fund offering of DWS Investment GmbH (DWS) to DVAG’s over 5 million clients, as well as, if needed, access to the entire consulting expertise of the Deutsche Bank Group. In the meantime, about 600,000 of these clients use one or more of our banking products. Investment and bank products are now an essential component of the overall financial advice of DVAG. Innovative, targeted product solutions – such as db ZinsKonto Plus as an attractively interest-bearing salary account for deposit clients – specifically extend the offering. The financial market crisis drove above-average demand for traditional deposit products. This trend has been made use of by attractive interest offers. The success of cooperation continues at its high level. In 2010, the focus will be on customer retention measures in particular, as well as on quality optimization of the credit portfolio.

Another strategic cooperation is our collaboration with **Germany's leading automobile club**, **ADAC**. ADAC offers its roughly 16 million members a broad range of offers for mobility. This includes financial services, which encompasses not only vehicle financing and a credit card offer, but since October 2005, it has included exclusive savings products from Deutsche Bank PGK. The offer has been seen very positively both by the public and among members, since the competence of Deutsche Bank PGK is combined with the brand values of ADAC. In 2009, due to the market, customer demand was focused on ADAC ZielSparen, a savings plan with attractive interest rates, regular payments starting at €10 per month, and periods between four and eighteen years. Thanks to opportunity-driven marketing as "ADAC FührerscheinSparen," sales figures here could be significantly increased. As an alternative, ADAC offers its members the ADAC FlexSparen, a flexible savings account with a savings card that, in addition to very attractive interest rates, also includes access to cash free of charge at about 35,000 ATMs worldwide. In the 2009 fiscal year, this cooperation was continued. In all since the start of the cooperation in 2005, about 117,000 customers have been acquired. The cooperation contribution should continue to be built.

As a yield- and client-strong PBC growth engine, our **partnership banking** program was expanded. In partnership banking, we offer companies and their employees attractive products and comprehensive services. For example, we handle the entire banking administration of stock option plans and team stock share programs. Our offer also includes banking products (e.g. account, card, security deposits, private credit) under preferred terms for the employees of companies and of the government. Numerous publicly-traded companies like Daimler, SAP, Linde, Volkswagen, Puma, E.ON, and Axel Springer have made the decision to participate in our partnership banking program. In all, we are cooperating with over 370 partner companies in this area, and we have gained about 290,000 new customers in this manner.

As a particular innovation in partnership banking, since 2009 we have offered so-called "worksite banking" at a branch of our IFC Leverkusen on the company campus of Bayer AG – the Bayer Chempark Leverkusen. The direct proximity to the workplace simplifies personal dialog with customers, since Bayer employees can take advantage of Deutsche Bank PGK's services much more conveniently.

In the context of Deutsche Bank's strategic participation in the **Deutsche Postbank AG** (Postbank), both parties agreed in September 2008 to cooperate in selected business fields. Products especially oriented towards private clients by Deutsche Bank PGK and Postbank, who together have the largest branch network in Germany, complement one another outstandingly well in complementary sales channels and client groups. The focus of the cooperation is particularly the mutual sale of investment and credit products, work on a possible shared IT platform, and increased mutual sourcing potentials by means of bundling of purchase volumes. During implementation of mutually identified cooperation fields, synergy could already be utilized.

3. Differentiated growth using our holdings

With the acquisition of the **Berliner Bank**, we permanently strengthened the PBC division. In addition to 61 additional branches in Berlin, about 350,000 customers, and around 1,088 employees, the Berliner Bank brought a well-penetrated market with it. The Berliner Bank's third full fiscal year as part of the Deutsche Bank Group and as a component of the PBC growth strategy was also successful. Due to sales growth and consistent cost management with simultaneous one-time costs for strategic efficiency measures, Berliner Bank achieved annual pre-tax earnings of €3 million despite the difficult financial market situation.

In 2009, preparations began for the planned migration of Berliner Bank's IT systems to Deutsche Bank's platform in summer 2010. In a shared project with the appropriate units of the Deutsche Bank Group, employees of the Berliner Bank are working hard on continued reinforcement of the future capabilities of their business model. The goal is also to convert the Berliner Bank into a subsidiary of Deutsche Bank PGK, while retaining its independent brand.

Our 100% subsidiary **Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland**, allows us to take advantage of significant growth opportunities in Poland. At of the end of the 2009 fiscal year, our subsidiary provided customers with a total of 120 db kredyt shops and 93 branches. After explosive growth in 2008, Deutsche Bank PBC Spólka Akcyjna was able to keep up with difficult competition in a difficult market environment and stabilize its earnings base in 2009. The economic crisis had a comparatively moderate effect on Poland. GDP growth sank from 5% in 2008 to about 1.5% to 1.8% in 2009. The rapid loss in value of the Polish zloty along with a significant increase in unemployment had a negative effect on customers' credit ratings. Business with small and medium business clients was especially under pressure in the first half of the year due to the downward trend of the local currency. In the second half of the year, the situation relaxed. In consumer credit business, the increasing number of unemployed led to a higher need for value adjustment. Construction finance represented the greater share of the credit portfolio. This exhibited a stable trend and was largely spared the effects of the economic crisis. We continue to be very confident that Deutsche Bank PBC Spólka Akcyjna will become one of the biggest providers on the Polish market within a few years. In the context of standardization of PBC's European business model, we are also concentrating more on the consulting business in Poland. This is particularly evident in the continued development of the db kredyt shop sale channel from the bulk business of consumer finance to more comprehensive customer management.

C. Business development

1. Trends in the three dimensions of client, employee, and shareholder

In our business with private and business clients in 2009, we successfully continued the path taken in previous years, using targeted product, performance, and cost management to lay the groundwork for **balanced growth** in the **three dimensions of client, employee, and shareholder.** We have particularly been able to win back customer satisfaction and retention starting in the second quarter of 2009, simultaneously achieving a high level of employee retention. We see this as validation that we are on the right path to becoming the best bank in all three dimensions. In view of the difficult market environment, we were satisfied with the yearly results we obtained, even though they fell considerably.

1.1 Consistent focus on our clients with high-quality consulting

Outstanding products and attractive terms, **customer-oriented** sales activities, and a high level of engagement in our employees allowed Deutsche Bank PGK to succeed in a thoroughly demanding market environment. In our home market of Germany, we were able to keep our customer base of more than **8.6 million customers** at a stable level. Including the other German PBC units, **PBC Germany** actually has **10.1 million clients**.

Our goal is to achieve outstanding results and to question convention in order to provide our clients with superior solutions. The focus of our offering is a consistently **high quality of service and advising** that we provide to our eight target client groups through Personal Banking, Private Banking, and Business Banking sales channels. Consulting particularly strives for transparency and clarification in order to make clear to the client both the earnings opportunities and the risk of loss. New private and business client campaigns, such as "Our consulting has the answers," are oriented towards client needs characterized by the financial crisis. The reinforcement of fragile customer trust in banks and bank products in general is essential for the continued development of the customer relationship and the profiling of the bank as a customer-oriented market and opinion leader. Excellent **financial solutions at a fair price** for private and business needs characterized the business model of Deutsche Bank PGK and PBC. Good knowledge of our markets and access to the global network of products and services of the Deutsche Bank Group make it possible for us to offer our clients tailor-made financial solutions.

In **business banking**, our **health care professional initiative** is oriented entirely towards consulting. With specially-trained customer consultants, we provide a target-group-specific, comprehensive consulting for physicians and dentists oriented towards specific life stages. We offer customized solutions for all business and private needs in combination with outstanding industry expertise. The structural changes in health care and the trend towards cooperation offer physicians interesting business opportunities. The high degree of complexity in the professional environment of medical professionals and the requirements of physicians as entrepreneurs are growing quickly, leading to increased needs for banking consulting. With the growth initiative **active family business**, we want to build our competence in this high-potential target group. By consulting for this customer group, we want to try new approaches, leading to the bundling of our competence in the form of a separate consultant profile specific to this target group. In international business, we have simplified currency trading for our business clients with the "Autobahn Treasury" in the client portal. We have also created new customer management models with the focus on "Export including interest and currency management."

Our **construction financing** – accompanied by our "2009 construction financing offensive" – was met with great interest. We received awards not only for best terms, but also for outstanding consulting. In a test of the Deutsches Institut für Servicequalität, we qualified as the bank not only with the highest quality consulting, but also providing the most qualified financing recommendations to customers. We are a strong partner both for new and existing customers, bundling high consulting competence with a flexible product offering and outstanding terms. In times of increased security needs and greater fear for the future, such as the fear of unemployment, we offer our customers both construction financing and corresponding insurance.

The focus of our undivided attention is to **increase client satisfaction and client retention**. The most important task of our sales service center (VSC), and of the Quality Management and Client Retention Management units, is to orient its activities towards optimization of the client-employee relationship for the best possible quality of consulting and service. With a comprehensive **system to guard customer interests**, PBC took early steps to gain importance in the discussion of consumer protection in the financial services market. As we understand it, the bank-customer relationship is characterized by long-term cooperation oriented towards trust. Compliance with legal or regulatory requirements as well as our self-defined standards is assured by a package of measures that should be a benchmark in the European environment. To give customer requirements a face at the senior management level and to assign responsibility clearly, we implemented the function of "Chief Client Officer" in 2009. This position provides an interface between the central units and sales units. As customer advocate in bank management, the Chief Client Officers safeguard customer interests. Moreover, 2009 also saw the implementation of a modern, powerful complaint recording and processing platform for client concerns and development of an optimized measurement and control system. These measures supported customer retention and satisfaction 2009, with positive trends both absolutely and in comparison with our competition. For further increases in customer satisfaction, at the start of 2010, we introduced a novel **consumer-oriented nomenclature for asset products** for the first time. Seven graphical symbols inform investors easily and transparently of terms, risk classes, capital repayment, asset instruments, asset classes, asset regions, and the maturity of securities. These product road signs complement the consulting documentation for all new actively offered investment funds and certificates, making it possible to compare their features and terms at a glance. This identification should be progressively introduced for all actively offered investment funds and certificates. This product labeling is a component of our initiative for more transparency in securities consulting.

1.2 Employees and mobile financial consultants as success factor

With outstanding engagement and high motivation, in the 2009 fiscal year and in a volatile market environment with uncertain clients, our employees and mobile financial consultants contributed significantly to reinforcing our leadership role in the private and business client segment. Business and personal competence, experience, and particularly motivation are the keys to optimum consulting and advising demanding clients. Both **personal development** and **individual qualification measures** are used to prepare our employees for new challenges in a changed environment. Training and continuing education opportunities that stand out in the field, modern instruments for personal guidance and a variety of career opportunities, as well as performance-based pay and the success of the company: These are the requirements for making and keeping an employer attractive, especially for employees who strive for personal responsibility and performance in their careers.

Deutsche Bank PGK ascribes great importance to the training of young people. We employed 1,168 **trainees** in 2009. In addition to career training, we also offer employees the opportunity to study in parallel with their careers and give college graduates, in the context of trainee programs, the option of entering their careers and/or continuing their education in parallel with their work activities. Another key to success is our talent management. It is precisely the high-potential employees to whom we owe innovations and impressive success. We therefore held a variety of talent programs in 2009 as well. One example is the "Perspektive XXL" training program. Bank salespeople in particular with outstanding performance are offered rapid business and personal education as a basis for demanding consulting positions.

Our **talent management**, however, does not only address young employees, but rather identifies all employees, from hourly workers to management, who have above-average performance and the corresponding potential. Retaining this talent in our company and supporting it in both a target-group-specific and needs-oriented manner is essential to our long-term success. Two hundred eighteen employees from the highest salary ranks who have demonstrated their development potential in the past through outstanding performance participated in the "Professionals Program." The "Leadership Program" graduated 56 employees in the non-scale wage area with management responsibilities, to take on a larger range of responsibilities in the future. The bank also supported employees in technical careers. This has allowed us to offer high-performing employees for whom a management career is not an option an interesting outlook.

Management feedback – in which a moderator compares the self-assessment of the manager to external assessments by all direct employees and then discusses them in a moderated team discussion – has also proved useful in the training of managers. This ensures constructive feedback and creates an environment that decisively accepts improvements and change.

In view of the increasing burden and longer working lifetimes, Deutsche Bank PGK ascribes great importance to the preservation and support of the **health and well-being** of its employees. We value a uniform process that provides not only different social services in case of illness, but also prevents illness by offering preventive measures. The bank therefore offers, not just to management but since 2008 to all employees in Germany after their 40th birthday, the option of receiving an exclusive medical check-up at regular intervals, including individual consulting in physical health, fitness, and nutrition.

The quarterly **employee poll** carried out in the past few years has become firmly established as an instrument for guidance and control. Since the beginning of 2009, the direct environment of the employee has been examined more closely, so that not only the employee index but also a more detailed picture of morale is obtained. Intensive work with the polling results has led to a significant increase in employee retention.

Based on our strong competitive position and our long-term successful business model, we can offer our employees attractive positions and a good development outlook, achieving permanent values and long-term growth together with our employees: Our **staffing level** at the end of 2009 fell slightly in comparison with the previous year by 251 to 13,548 employees. This is primarily due to the fact that processes in the context of the efficiency measures undertaken in the area of account management have been outsourced to the newly founded PBC Services GmbH of Deutsche Bank.

1.3 Returns for shareholders of Deutsche Bank

The very difficult market environment with volatile markets, very low capital market interest rates, and reticent investor behavior also led to results penalties at Deutsche

Bank PGK in 2009. The financial and economic crisis left its tracks particularly in the securities commission and insurance brokering business, but also in the conversion costs for asset securitization funds and for the pension union. We were still able to achieve respectable **operational earnings of over €400 million** due to the stable value business. We also consistently continued the growth and efficiency program started in Fall 2008, resulting in significant one-time costs. In this context, the **profit to be transferred fell to € 232 million** (previous year € 669 million)., In addition to this positive contribution to the consolidated results of the Deutsche Bank Group, our strong deposit business and our securitization transactions also provided a stable component for the group liquidity situation, and thus added value for our shareholder.

The **Return on Equity** fell significantly from the previous year's level to 8.7%. Correspondingly, the **cost-income ratio**, at 80.4%, is considerably higher in comparison with the previous year. If the one-time and special effects mentioned above are ignored, operational cost-income was 73.5%.

2. Results of our business activities

Although we saw weakened results in 2009 due to the financial and economic crisis, it was still clear that the private client business provides **stability** even in times of recession. With its volume business on the deposit and credit side, it forms a center of stability from which interest earnings flow continually. The margins earned provide a comparatively stable contribution to the results of the bank. We therefore consider our estimate confirmed that the German model of the universal bank, which bundles business with private and business clients, with corresponding product diversification under a single roof, is a good one. In addition to the securities business, Deutsche Bank PGK also has a strong deposit and credit business. Mobile sales and our cooperation partners complement our stationary sales network in an outstanding manner. Over the course of business activities in 2009, we demonstrated that even in the economically demanding market environment and under continuing competitive pressure, we could further cement our leading position in 2009. We will continue to drive the establishment of this position in the years to come.

No events of particular importance occurred after the conclusion of the fiscal year.

2.1 Slight increase in interest revenue from client business

Interest income fell over the fiscal year by €19 million, to €1.876 billion. The primary reason for the slight drop is our securitization transactions, while in the client business we were able to achieve a slight increase. Interest earnings from the **credit business** could be significantly increased. The consumer financing business profited from volume and margin increases in **db PrivatKredit** as well as credit issuing at the point of sale. For **db PrivatKreditlinie** it was also possible to increase margins. In the credit business with commercial clients, the increase in volume and margins had a very positive effect on results. The contribution to earnings of private and commercial credit lines was affected by the favorable refinancing situation on the cash market. Based on an increase in new business, a good extension quota, and a slight market increase, interest earnings from construction financing increased in comparison with the previous year.

Earnings from the **deposit business** fell, despite higher average volumes. The very successful acquisition of client money with the product **db FestzinsSparen** in 2008 and particularly also in the difficult 4th quarter of 2008 led to significant incoming liquidity with some maturity extending well into 2009. Deutsche Bank PGK thus proved to be an important source of liquidity for the Deutsche Bank Group in the financial market situation of the time. The significant drop in interest rates in the final quarter of 2008, however, also caused a significant drop in the market, which had a negative effect on results in 2009 as well. The loss of interest in the money market and its corresponding effects on deposit margins also affected the results from **db GeldmarktSparen**, the traditional savings deposits such as **db SparCard** and Sparbuch, as well as fixed-period deposits. The low interest rates on classical fixed-term deposits resulted moreover in a strong reduction in volume. Our structured fixed-term deposit product **db ZinsPlus**, started in 2009, provided a positive contribution to results. In sight deposits, the growth in volume significantly outweighed the decrease in margins.

The overall positive effects from customer business was only able to partially compensate for the effects on interest earnings by the **derivative transactions** concluded as interest security and the securitization transactions "Zugspitze 2008-1," "Rhoen 2008-1," and "Spessart 2009-1." The negative effect on interest earnings from the securitization transactions was outweighed by the positive contribution to commissions earnings.

Current income from shares and other variable-interest securities, participation, and shares in associated companies fell in 2009 by €63 million to €15 million. Earnings from our plan assets used as insolvency security for pension obligations were in line with expectations in 2009, while in the previous year a dividend of €52 million was taken as earnings.

Earnings from holdings in affiliated companies fell due to the lower dividend from the Berliner Bank AG & Co. KG, falling by €11 million to €13 million.

Yields from profit-transfer agreements in 2009 fell by €5 million to €2 million. In 2009, we listed expenses from loss transfers in the amount of €9 million. Both resulted from the results of the service company of Deutsche Bank Privat- und Geschäftskunden mbH, which posted a negative results contribution due to one-time expenses for efficiency measures.

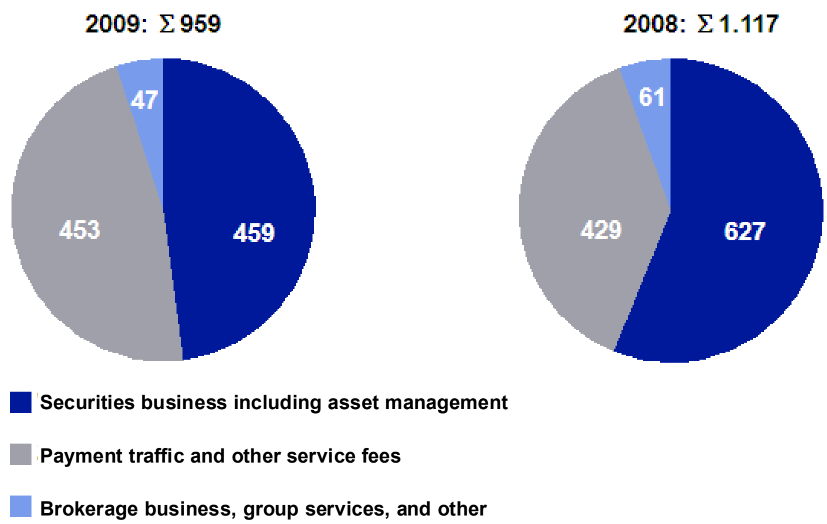
2.2 Commission results burdened by investor reticence

The 2009 fiscal year was again characterized by high volatility on the various markets. The grim forecasts, particularly those published in the first half of 2009 on economic trends and trends in corporate results had effects on risk acceptance by private customers. Investors acted very cautiously. The increasingly positive performance forecasts for stock and raw materials investment made over the course of the year were only slowly utilized. **Net commission income** fell by €157 million to €959 million. Results were primarily characterized by a significant drop in earnings from the securities business, which was weakened by decreased expenditures for financial consultants. Investor behavior had a negative effect on brokerage commissions for insurance and construction savings contracts in comparison with the previous year as well.

Net commission earnings from the **securities business**, in comparison with the previous year, fell by € 169 million (-27%) to €459 million (including earnings from asset management), but at a share of about 48%, was still the most significant earnings driver in the commission-dependent business areas.

Effects of the financial market crisis weakened commission results

Commission results
in millions of €



Business with **funds, stocks, annuities,** and **certificates** fell in 2009 by €132 million in comparison with the previous year, to €373 million.

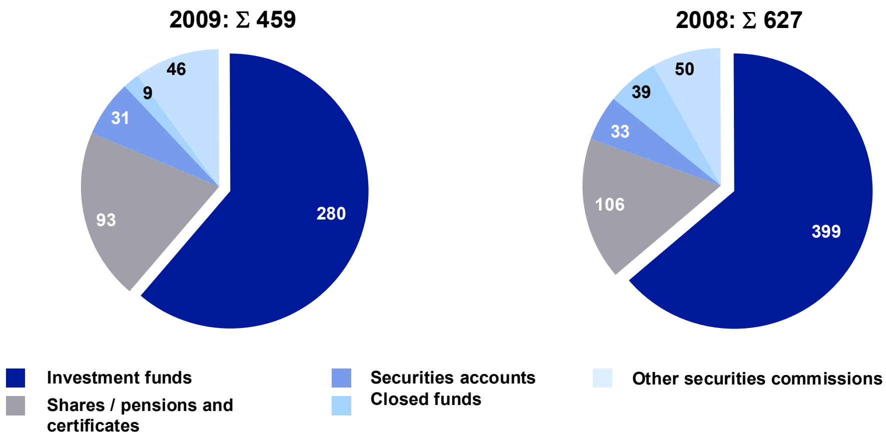
Investment funds business (including ongoing brokerage fees), with a contribution of €280 million, represented the largest portion of the securities business even though it could not reach its level from the previous year (€399 million). The loss of customer trust in the markets was reflected significantly in demand. We were still able to achieve some placement success with new, innovative products that had partial securitization or a defensive asset strategy. In particular the pension direct funds and pension guarantee funds we set up in 2009 met our customers' requirements for increased security.

In the area of **closed funds**, business in 2009 was particularly affected by the financial crisis. With a view to changed investor preferences – particularly the need for simply structured and security-oriented assets – our offer focus lay on selected first-class real estate products. The lack of readiness of customers to engage in longer-term investments can clearly be seen in the drop in earnings by €30 million to €9 million.

Business with **certificates and structured products** saw an earnings contribution in 2009 of €52 million, after €61 million in the previous year. In the context of the general market trends and investor behavior, these results are satisfactory. In particular with stepped interest loans, floater loans, and secured loans, we could offer our customers a well-accepted asset alternative in simple products with attractive coupons.

Trends in product segments in the securities area

Securities commissions results
in millions of €



Custody volume rose by 14% to €46 billion. Market trends primarily accounted for the increase, but the inflow of new volume contributed as well. At €31 million, therefore, the income from the **securities business** was under the figure from the previous year by €2 million.

The path started in 2008 to offer innovative new **mandate products** in addition to traditional mandate strategies was continued successfully. After the very difficult year in 2008, the mandate business recovered its growth rates from earlier years in 2009. Both new funds were gained and the volume of existing mandates increased to a significant extent. Most asset strategies showed significant gains, with stock-oriented strategies all falling in the double-digit percentage range. We brought several new strategies to the market with different risk profiles, such as the PRO strategies (restricted to two asset classes), shares and government loans, layering them very flexibly according to the market situation. The addition of **db PrivateMandat Flex** to the consulting product line in 2008, an offer for assets starting at €100,000, proved correct. Triple-digit growth rates were seen in 2009. The volume of mandate business grew by €1.5 billion to €6.9 billion.

The contribution to income of domestic and foreign **payment traffic** and **other service fees** again exceeded the high level of the previous year. At €453 million in 2009, these continue to represent the second-largest earnings pillar in the commission-department business. Service fees for securitization transactions account primarily for the increase. Results from payment traffic were kept nearly stable. The number of account relationships in 2009 remained at the high level of the previous year. In the context of aggressive price communication in the market, as a premium provider of prized checking accounts we were able to perform well in comparison with the competition. To make our product range even more attractive, since 2009 we have offered additional services for **Best- and PlusKonto**, such as travel services with refunds, cash insurance, and emergency cash without fees.

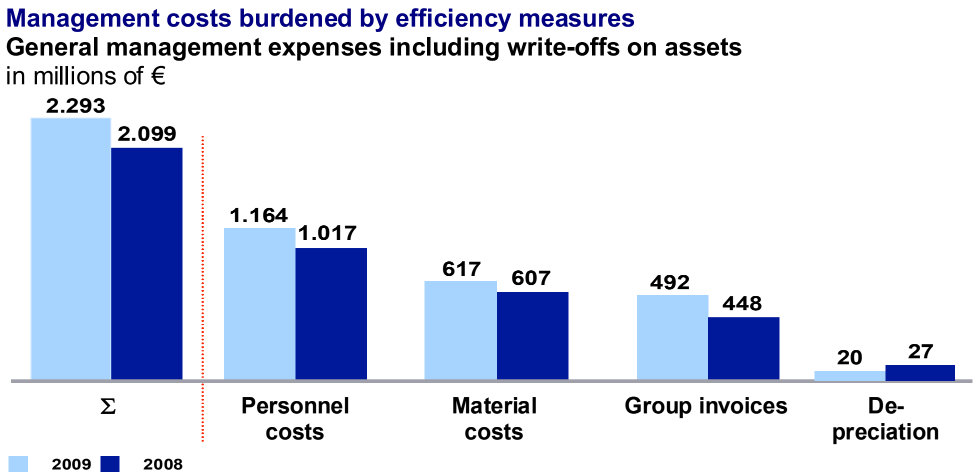
Earnings from the **brokerage business** fell by €5 million to €9 million. Significant components are a significant drop in brokered life insurance policies, Riester pensions, and construction savings contracts and financing. Brokerage earnings were supported by lower costs for our mobile financial consultants.

In 2009, **pension consulting** continued to be a focus for sales activities. The idea that legally-mandated pensions cannot guarantee an individual's accustomed lifestyle in old age is one that is shared by more and more people. The reduction of the pension gap requires the structured establishment of different pension components. Despite a variety of focused activities, fewer customers than previously were ready to undertake long-term obligations for their financial security, and they have postponed their planned pension activities.

Life and retirement insurance continue to be the carrying pillar in brokered **insurance**. Customers with a need for both security and use of capital market opportunities were offered FondsRente GARANT, a suitable offering for the investment of a one-time amount. Our "premium model" for the earnings-oriented capital asset BasisRente Premium, FörderRente Premium, and FondsRente Premium has an outstanding competitive position due to the capital protection component, important for many customers. Moreover, for many customers the interest in financial security in case of disability received greater attention. In all, the insurance business suffered a significant drop, however, by €47 million to €169 million.

2.3 Management expenses burdened by efficiency measures

Cost management in 2009 indicated performance stabilization. This included measures for intrayear cost reduction as well as accompaniment of efficiency measures in the context of the PBC growth program.



For the implementation and control of cost and efficiency measures, the already established clear responsibility and reporting structures by organizational unit and cost category could be used. New control models were also set up, on the basis of which all investment decisions in 2009 were made using a "zero-based" approach.

The increase in **management costs** by €194 million to €2.293 billion was due to investment in efficiency measures. Two significant external factors caused by the difficult economic situation also led to an increase: the strong increase in contribution of the deposit insurance fund by the Federal Association of German Banks and those of the Pensionssicherungsvereins aG. Of the increase in **personnel costs** by €147 million to €1.164 billion, €159 million is due to personnel-related efficiency measures and the nearly eightfold increase in contributions to the pension insurance union. An increase in salaries by €8 million from the transfer of trainees and the targeted augmentation of the Private Banking Proposition as well as an increase in contributions to social security by €6 million could be compensated in the framework of intrayear discretionary cost measures. The reduction in bonuses in combination with the drop in results in 2009 due to effects of the financial crisis also had a positive effect on personnel cost trends. There was no increase in base salaries above the contractually agreed level.

Other operational costs, at €1.108 billion, rose by €53 million. **Materials costs** rose by €10 million in comparison with the previous year, to €617 million. The increase in contributions to asset insurance by €25 million and the €5 million in hosts costs over the previous year from selective consulting investments could partly be compensated by intrayear cost measures in other cost categories. All expenditures were subject both to a stricter sourcing approach and to a zero-based decision process considering the current macroeconomic environment. For the first time in 2009, the newly concluded credit risk securitization transaction "Bodensee 2009-1" had €6 million in management costs in the last quarter, as described in more detail in the risk management section (D 2.3.1). Since management costs in 2009 include only costs for this transaction for one month, the cost in this item will be correspondingly higher in subsequent years. **Group-internal invoices** in the 2009 fiscal year, at €492 million, were €44 million above the previous year's level. The cause was investment in a strategic IT platform and reorganization of group-internal service areas.

Depreciation of office and business equipment fell by €7 million in comparison with the previous year, to €20 million. This largely resulted from lower depreciations on IT hardware and office furniture.

2.4 Risk provisions relieved by implementation of silent reserves in securities

Write-offs and **value adjustments** to receivables and certain securities, as well as input into provisions in the credit business fell – according to the settlement of amounts permitted pursuant to § 340f Para. 3 of HGB – by €24 million to €262 million. In credit business with our customers, we were able to increase volume in the three product segments of construction finance, consumer credit, and commercial credit. In addition to the increased volume and generally tense economic situation, changed parameters for the calculation of value adjustment holdings and a changed write-off method for homogeneous credits handled using the going-concern approach had favorable effects on risk provisions. In the calculation of operational results, we considered only the effects of parameter adjustment. In the context of the 2009 restructuring of assets used as insolvency security for pension obligations, significant – in net terms – silent reserves could be implemented effectively for results; however, they were used to reinforce the reserves permitted by § 340f Para. 3 of HGB.

2.5 Other success and cost components

Other operational earnings in the 2009 fiscal year rose by €133 million in comparison with the previous year, to €149 million. This is nearly entirely due to the reduction in issue obligations for the special-purpose companies "Zugspitze 2008-1," "Rhoen 2008-1," and "Spessart 2009-01." This is in turn based on write-offs on securities from our securitization transactions – caused by the reduction in the underlying credit portfolios – so that **costs from holdings, shares in affiliated companies, and securities treated as assets** rose accordingly. In all, this cost item rose by €140 million to €147 million. **Other operational costs** rose by €5 million to €59 million. These include primarily costs for incorrect processing and for good-will and damage payments. Costs from the transfer of treasury results to group companies due to existing operational management contracts are also listed here.

3. The balance sheet trend

As of December 31, 2009, the **balance sheet** of Deutsche Bank PGK fell in comparison with the previous year's closing date, by €6.3 billion to €110.3 billion. Due to lower interest rates in 2009 and simultaneously extremely high maturities in the savings business, customer deposits fell by €3.4 billion to €58.4 billion. Repayments for credit underlying the two securitization transactions "Zugspitze 2008-1" and "Rhoen 2008-1" also led to corresponding balance sheet losses. Our customer credit business grew by €2.5 billion to €52.7 billion. Receivables from credit institutions fell by €7.6 billion to €46.5 billion.

Our business with **client deposits** is the backbone of our refinancing, performs important functions in obtaining new clients and asset volumes, and serves as a draw for investment business. With the drop in the prime rate in October 2008, the European Central Bank (ECB) ended the cycle of rising interest rates that lent us an interest rate advantage on the daily money and capital market due to our internal valuation of deposits. The multiple reductions in the interest rate since fourth quarter 2008 forced us to adapt the interest rates on deposit offers. Savings deposits with agreed notice period of over three months were hardest hit. These fell in 2009 by €6.5 billion to €19.3 billion. The cause was extremely high rates of maturity in the product db FestzinsSparen, which we acquired in 2008 with very attractive interest rates. The previous year was an outstanding year with respect to acquisition of new db FestzinsSpar volume. Despite the high maturity rates in 2009, volume was significantly higher (24%) than the end-of-year level in 2007. The volume of fixed-term deposits was hard hit by the market interest rate reductions, with a reduction by €2.1 billion to €4.5 billion. Our intensive consulting on the topic "Interest rate situation" and the recommendation of medium-range terms – "A bridge across the interest rate valley" – had good customer acceptance, so that maturing deposits were often extended. As an alternative to db FestzinsSparen, starting in 2009 we offered our newly structured product db ZinsPlus with great success. With a three-year term, it offers both full deposit security and a fixed minimum interest rate with a bonus depending on a reference figure. The volume in db GeldmarktSparen had a satisfyingly positive trend – this is a savings deposit with an agreed notice period of three months. The fair contractual prime rate orientation of interest rates in db GeldmarktSparen gives our customers the certainty of being able to participate quickly in future increases in interest rates. Due to the reduced interest rate difference from deposits with rates close to the market value, we were also able to increase the volume in savings accounts and db SparCards. The volume in savings deposits with agreed notice period of three months increased by €1.9 billion to €16.5 billion. The low interest rates led to higher liquidity holdings by customers, so that sight deposits, at €18.1 billion, were €3.3 billion above the level of the previous year.

In the 2009 fiscal year, our bank's **credit business** managed well in a market environment characterized by the economic crisis and high competitive pressure. Credit volumes grew again.

In 2009, consumer finance was still affected by the crisis. The volume of new business fell. The cause for this, in addition to the general economic situation, was also a significant risk orientation in credit issuing. On this basis, the volume of **personal credit** on the closing date, at €5.0 billion, was nearly at the previous year's level (-1%). The main factor in this trend was **db PrivatKredit**. Due to the trends in interest rates and risk-adjusted pricing, we saw significant growth in new business margins. db PrivatKredit was the focus of multiple targeted marketing measures, such as financing of new car sales. The volume in use of **db DispoKredit**, which increased significantly in the previous year, could partly be retained. In point-of-sale financing, the focus was on optimization of the retailer portfolio. Despite measures such as the adaptation of retailer terms to the interest rate trends on the capital market, the number of new customers and credit volume were able to grow. The db Studentenkredit and credit card business also showed significant growth and could be made even more profitable.

Commercial credit repeated the good results of the previous year, with a stable volume of €3.8 billion. Core products in commercial financing are **db BusinessKreditlinie** and **db InvestitionsDarlehen**. Product innovations introduced in 2008 increased the attractiveness of these financing instruments for our business clients, because as a partner for midsized companies we can deliver tailor-fit solutions. For example, **db Kompaktkredit Business Online** up to €50,000 combines a simplified credit decision and central processing with the advantages of the core products listed above. The online credit application introduced in 2008 for business clients was further augmented, forming an integral component of the PBC business client portals. Offers pertaining to trust accounts, well-established for years, were extended in 2009 with insolvency fund prefinancing. In cooperation with selected insolvency managers, we purchase claims against unemployment from employees of likely insolvent companies. This exclusive service puts insolvency managers in a position to pay salaries and wages in a timely manner in the early stages of a crisis situation, retaining valuable employees in salvageable companies.

The **construction finance business** in 2009 was affected by a difficult capital market, strongly influencing the market and competitive situation. Interest rates were low throughout the year, since the central banks had taken strong measures in interest rate trends. The bank was able to obtain many advantages from these trends, so that 2009 can be seen as one of the most successful construction finance years on record. In addition to the significant growth in new business volume, the extension business was also very positive. Moreover, margins could be increased again. Our sales initiatives, such as "Construction finance offensive 2009" and television advertising pertaining to construction finance, proved to be performance drivers. In comparison, at the end of the year, the volume of €42.4 billion had increased by €2.8 billion.

In the **securitizing transactions** mentioned earlier, there was a bundling of German construction finance credits sold as a true sale to special purpose companies to be consolidated in the Deutsche Bank Group according to IFRS, whereby the securities issued by the special purpose companies were purchased by Deutsche Bank PGK. This left the entire credit risk with Deutsche Bank PGK, creating a strategic liquidity reserve for the Deutsche Bank Group. This made it possible for Deutsche Bank PGK to generate additional income by lending securities to Deutsche Bank. In 2009, another securitizing transaction, "Spessart 2009-1," was made. In contrast with the two transactions made in 2008, in this transaction the credit pool is filled again by the credit volume repaid by customers.

Additional information about balance sheet items can be found in the Appendix.

D. Risk management

1. Organization of risk management

Risk management at Deutsche Bank PGK includes the identification, measurement, control, and monitoring of the risks associated with banking business and is integrated into the group-wide risk management of Deutsche Bank AG. The structure of the system for measurement and control of risk is largely based on group-wide specifications. Framework conditions were defined differentiated by risk type, describing details about risk handling.

Among the most important **tasks of risk management and controlling** at Deutsche Bank PGK are:

- Control of risks in bank portfolio in accordance with the business strategies and risk principles determined by the Capital and Risk (CaR) Committee of Deutsche Bank AG and the Board of Directors of Deutsche Bank PGK,
- Development and introduction of tailored risk control systems,
- Risk identification and preparation of quality-controlled, timely information about the risk profile,
- Regular checking of business transactions and the associated risk positions to optimize risk-adjusted yields on economic capital in use, and
- Monitoring of limits in the area of credit, market, and operational risks.

For the monitoring and control of risks, we use Deutsche Bank group-compliant **risk control instruments**. In addition to sensitivity analyses, stress testing, and value-at-risk calculations, portfolio analysis is performed using process and risk costs, and the portfolio is optimized from the ROE point of view. The monitoring of risk capacity for Deutsche Bank PGK is integrated into group-wide risk management. The aggregated total bank risk (measured as economic capital) is compared to the available risk coverage and various risk-type-specific and global stress and scenario analyses performed. This ensures that unexpected losses in the group are detected and covered early.

2. Typical risk categories

The significant risks to which Deutsche Bank PGK is exposed are bank operational risks and the risks from general business activity.

2.1 Bank operational risks

Bank operational risks are taken consciously by banks in the context of performance control. Due to the structure of our business, we are exposed to market and liquidity risks in the context of our business activities and credit extended. Of these, credit risk is – from a capital requirements point of view – by far the largest risk category. Operational risks and market risks are present to a much smaller extent.

2.1.1 Credit risks

Credit risk describes the danger of partial or complete omission of contractually promised payment on the part of a lender. Credit risk management (market consequence function) and sales (market function) are completely separate from the standpoints of both organization and responsibility.

The significant **tasks of credit risk management** include:

- Working out and ensuring adequate credit standards and guidelines,
- Development of credit strategies and monitoring of their implementation,
- Development and implementation of rating procedures,
- Ongoing monitoring and control of the credit portfolio and portfolio structure,
- Establishment of a uniform credit competence structure and its regular auditing,
- Competent decision on credits and the formation of appropriate risk securitization.

In addition to central credit risk management, at the regional level there are three **credit risk management units** whose organizational structure from the standpoint of regional control of the credit portfolio is primarily oriented towards the main processes of credit decision and problem credit management. To optimize credit processes and processing, management of problem credit units is largely standardized.

We have **differentiated credit processes** that are tailored to the specific characteristics and needs of client and product segments. These take into consideration different access channels, such as IFC, call center, Internet, and mobile sales.

Credit decision rules and **workflows** are recorded in detailed credit process descriptions and guidelines. Credit rating and credit decisions are largely carried out using a standardized, systematic rating process that is binding in the sales and credit risk management units. For evaluation of risk, the bank uses **automated rating procedures** for most of its credit products, in which quantitative factors (e.g. financial analysis, account behavior, external figures) are taken into consideration. The client risk is calculated as a client failure probability using statistical principles on objective credit application data. Securities are included in the calculation of the expected losses (to reduce risk). The engagement risk is shown in the form of the expected loss proportion. Even with the high unit counts typical for our business, quick credit decisions are provided at a constant high level of quality.

Furthermore, **workflows** are supported effectively by the IT system in all phases of credit handling. Both consulting and decision and processing are supported by the "KreditManager" system using an integrated approach.

Credit monitoring is supported by the system. This includes a behavior scoring system, dunning letters, and monitoring of compliance with regulations. There are also extensive analysis tools for monitoring and controlling the credit portfolio. Problem engagements are identified based on standardized criteria and sent to problem credit monitoring units. These engagements are sent to a special IT system for efficient processing and risk monitoring.

In 2009, our familiar business policy was continued with respect to a broad **distribution of risk** in the credit portfolio. IT-supported **risk early detection systems** that directly identify potentially problematic engagements permitted consistent, timely risk management. In addition to intensive efforts to continue building our credit business with private and business clients, our attention in 2009 remained focused particularly on basic optimization of our processes associated with the handling of problem credit and in the recovery area.

Deutsche Bank PGK uses a standardized mechanical procedure to identify adjustment and write-offs for **homogeneous portfolios**. In this context, we divide the greater part of our credit portfolio into multiple homogeneous subportfolios according to credit type and client group. About 96% of our entire customer credit portfolios fall into these homogeneous subportfolios. Based on historical data, the adjustment needs required are determined for each payment delay category in each subportfolio. The adjustment of a homogeneous credit is modeled and posted mechanically in the IT system using fixed individual adjustment rates depending on each payment delay. The fixed adjustment rate to be calculated is omitted from the first payment delay classes according to the procedure. Write-offs and partial write-offs of credit from the homogeneous subportfolios are performed according to the achievement of centrally specified criteria.

Credits in the **non-homogeneous portfolio** are primarily larger credit facilities or specific credit types such as credits by bank guarantee, collateralized credit, and credits to unions, political parties, public budgets, and non-commercial organizations. These credits are regularly subjected to individual audits. For risk provisioning in the non-homogeneous portfolio, individual adjustments are performed for acutely default-endangered credit. To cover latent risk in credit in the non-homogeneous portfolio not in danger of default, a fixed adjustment is carried out according to the expected loss (EL) method.

The **risk provisioning** provided for the past fiscal year was sufficiently capable of handling all detectable address failure risks for the credit business of €342 million. The high quality of the credit portfolio can also be seen from the fact that only 5.1% of credits – according to the internal rating procedure of the bank – have a rating lower than iB–.

In view of the current economic context, over the course of the transaction Bodensee 2009-1 an additional **security against risks endangering holdings** was concluded on a significant part of our construction finance portfolio. In this transaction, a group company accepted loss risks beyond a deductible for a significant portion of our construction finance portfolio, by means of a guarantee, until November 30, 2014.

2.1.2 Market risks

The term "market risk" generally denotes the possibility of sudden loss of value caused by unforeseen changes in market price.

The market risk of Deutsche Bank PGK, as a non-trading book institution – due to its business structure – is largely restricted to **interest rate change risk** that occurs due to client assets and liabilities. Value-at-risk figures and sensitivities are used to measure risk acceptance. Based on experiences from the financial market crisis, in 2009 a group-wide model was also developed quantifying potential interest rate change risks resulting from unexpected changes in customer behavior in connection with modeling of customer deposits whose interest rates are not directly connected to market interest rates, e.g. sight deposits. Since 2009, additional economic capital has been calculated throughout the group for the associated market risks.

The **control of market risk** is the responsibility of the asset and liability management division of Deutsche Bank PGK. The future interest and capital cash flows of Deutsche Bank PGK are modeled on a daily basis using an IT system for asset/liability control and are subjected to a mark-to-market valuation. This forms the basis for the measurement and limitation of interest rate change risk, based on the value-at-risk procedure. The risk figure "value at risk" gives the potential loss in the sense of minimization of cash value of the portfolio of Deutsche Bank PGK due to future market interest rate changes that, assuming normal market movements, will not be exceeded for a holding period of one day, to a probability of 99%. The value at risk, in combination with sensitivities, is a significant figure for the evaluation of the risk position and an important component of early risk detection. The value at risk is calculated daily based on current interest rates using the system for asset/liability control, and is reported to Risk Management. The average utilization of the value at risk limit (€2.0 million) over the reported year was 42.3%. The minimum and maximum value of the value at risk, at €0.5 million and €1.6 million respectively, again stayed within a narrow range in 2009 despite the very volatile overall market. On the balance sheet closing day, the value at risk was €0.7 million. To **securitize** interest change risk, group-internal interest swaps, options on interest swaps, caps and floors, forward-rate agreements, and market-traded interest futures are all used. Details on derivative positions can be seen in the Appendix.

The market risks from our assets held as **insolvency security** for pension obligations are globally monitored by the Personal Risk Committee. The top-priority asset goal is to largely protect the Deutsche Bank Group from strong variations in financing status (per IFRS) of pension plans, whereby risks are undertaken to a limited extent due to disparity in duration and diversification of asset classes. The goal is to maximize earnings within a certain risk tolerance range determined by the group. The investment strategy is continually examined in the context of the asset allocation guidelines applicable throughout the Deutsche Bank Group by a committee on which Deutsche Bank PGK is represented by the head of the Asset and Liability Management Department, and reworked if necessary. In the course of this process, a Germany-wide asset pooling project was undertaken in 2009 in which the funds shares held to that point were first liquidated and the proceeds largely used for the purchase of SICAV shares with subsequent transfer into a group company. In the context of a two-sided trust agreement, company and employee trustees work together to monitor compliance with the agreements and trends of the assets.

2.1.3 Liquidity risks

The **control of liquidity risk** is also the responsibility of the asset and liability management division of Deutsche Bank PGK. Taking the special inventory behavior of the deposit and credit business of Deutsche Bank PGK into consideration, it is ensured in advance that **payable obligations** can be fulfilled at any time. To securitize payment obligations, as of December 31, 2009, there was a term-limited credit commitment on the part of Deutsche Bank AG in the amount of €7.5 billion.

As of December 31, 2009, the liquidity figures per Principle II were at 1.78; on average over the 2009 fiscal year, they were at 1.40. The requirements for the liquidity figures were met during the entire fiscal year.

2.2 General commercial risk

There are operational and general business risks inevitably associated with the banking business.

2.1 Operational risks

Operational risks (OR) include the potential occurrence of loss in connection with employees, project management, contract specifications and documentation, technology, infrastructure, material assets, external influences, and client relationships. Costs and earnings in this context during the reported year came to a net sum of €30 million.

In the context of regulatory requirements (Basel II), a comprehensive framework has been established in a timely manner. In addition to the function of Operational Risk Officers there is also an Operational Risk Policy that regulates the tasks and responsibilities in all areas of responsibility. Here, the basic principle applies that each business management bears the responsibility for the perception and control of operational risks. For the case of potential or existing risk, there is a progressive information hierarchy that reaches up to the Board of Directors.

The **monitoring** of operational risk is carried out using an incident reporting system in which all events are decentrally recorded and centrally evaluated. This permits current knowledge to be gained pertaining to existing or potential risk factors that contribute to reducing operational risks using target measures. There is also a history of several years of modeling the volatility of operational risk and providing differentiation between "expected losses" and "HILF" (high-impact, low-frequency) processes in the sense of Basel II. However, based on our OR management activities, we assume that large HILF events will continue to be avoided in the future. In the context of OR monitoring, moreover, timely correction of defects determined by review is monitored centrally (audit tracking). Regular **reporting** (the Operational Risk Report) to the board of directors with quality figures and statements rounds out the control process.

In the context of **management** of operational risk (operational excellence), error sources and weaknesses in business operations are regularly analyzed. The discovery of systematic process weaknesses flows directly into **central process control**, while error sources detected in sales are recorded during periodic training of all IFC leaders.

Moreover, there is a standardized **approval process for new products**. In the context of this process, the early involvement of the required business departments within the bank ensures that new products can be adequately modeled and/or processed in the posting and handling processes.

In the context of further development of operational risk management, a risk analysis group was implemented in 2009. Development of appropriate control instruments can identify retail-specific risks early based on continuous monitoring. Systematic fraud prevention is one of the focus topics.

The business processing for Deutsche Bank PGK is carried out in the context of group strategy based on **business supply contracts** with different group-internal and external service providers. In the business supply contracts, internal control processes and the authority to issue instructions are contractually agreed upon by Deutsche Bank PGK. Moreover, the standards required by BaFin for the outsourcing of business activities and functions are implemented in an outsourcing policy binding for all areas of responsibility. Compliance with these standards is ensured in the context of an outsourcing monitoring system.

Coordination of crisis management is provided together with the Corporate Security department of Deutsche Bank AG. The existing planning for **Business Continuity Management** is regularly examined and adapted to new emergency scenarios as needed, taking into consideration the experience of the Deutsche Bank Group.

Furthermore, the **business capital** for operational risk is calculated based on a Basel II-compliant calculation model (Advanced Management Approach) and assigned to different sales structures proportionally. In 2008, the BaFin approved the AMA model for the Deutsche Bank Group.

In the context of the financial market crisis, the investment area was the product segment with the largest operational losses in 2009. These were primarily good-will and compensation payments to customers in connection with security consulting.

Risks endangering inventory and risks that can detectably influence the asset, financial, or deposit situation of the bank are no longer observable and, against the background of the control measures taken, are not expected. In connection with the processes of the money supplier group Heros from 2006, our continued claims associated with the insolvency of Heros GmbH value services account (i.K.) and against the managers are covered by insurance.

In 2010, the focus of activity in Operational Risk Management will be the further development of control instruments in the area of fraud prevention.

2.2.2 General business risk

General business risk is the uncertainty in the course of events based on changed context in business operations such as the market environment, client behavior, and technological change. When conditions change, these risks require fast action and adjustment to the new situation in order to avoid economic disadvantage.

In combination with Deutsche Bank AG, we set up a **business risk model** with which the economic effects on the bank's forecast results can be quantified under difficult market conditions. Based on operational planning, the effects of a crisis situation on the pre-tax results can be simulated. The calculation of business risk is based on a group-wide definition of a scenario model that assumes potentially sinking profits and a disproportionate reduction in costs. The risk is that the total profits calculated in the scenario may fall below the total costs calculated in the scenario. For Deutsche Bank PGK, the total results modeled in the scenario exceed the total costs for 2009, so there is no business risk.

3. Banking oversight-relevant shareholders' equity

The **balance equity** consisting of subscribed capital and capital reserves is – as in the previous year – unchanged as of December 31, 2009, in the amount of €2.6663 billion.

A new addition to § 2a of the 7th edition of KWG permits subordinate institutions to omit compliance with the requirements of § 10 of KWG if the requirements listed in § 2a of KWG are met. The intent of this is to utilize the option to simplify reporting on the part of the subordinate institution to BaFin and Deutsche Bundesbank, as well as to provide certification of compliance with requirements. On this basis, Deutsche Bank PGK is no longer obligated to meet the requirements of Principle I. Compliance and monitoring takes place at the level of the institutional group.

According to a voluntary pro-forma calculation, liable equity capital pursuant to the KWG was €2.8380 billion as of December 31, 2009. This includes €2.6652 billion in core capital and €180.0 million in supplemental capital. For the core capital, intangible assets with a book value of €1.1 million are accounted for as withdrawal posts. The drop in supplemental capital (previous year €442.9 million) resulted from the maturity of a subordinate promissory note bond with a nominal value of €894.8 million.

E. Outlook

1. Economic outlook for the banking industry

The banking industry faces a slow return to normality in 2010 and 2011, whereby that normality will not be comparable with the status quo ante. What the "new normality" may be in an environment of fundamentally changed regulations, new market structures, and changed investor preferences will only be clear over the next few years.

Banks have largely moved on from losses from market upheavals and value corrections in the financial crisis. Losses from the traditional credit business, which reached record levels in 2009 in Germany and abroad, will initially remain high, but will significantly recover over time.

The growth prospects in the credit business remain limited. Private households in Germany did not increase their debt levels in the years before the financial crisis as they did in many other countries, instead retaining a relatively high savings quota. A rather weak economic growth and a shrinking, aging population, however, will continue to ensure relatively low demand for bank credit among private customers. The credit demand of companies may not be able to compensate, due to still-significant underutilization of capacity in many industrial sectors.

In asset management, on the other hand, the latest positive trends may continue, if the relatively friendly capital market environment remains. In the longer term, business in

Germany should be able to profit from ongoing growth in the need for private retirement insurance, health provisioning, and education costs, although the competition with providers within and outside the industry remains intense.

The next few years will also be characterized by the design of a new body of regulation for the global banking industry. Basic recommendations for this have already been submitted. With a view on equity capital in banks, the Basel Committee for Banking Oversight is striving for a basically more restrictive approval of capital components in order to increase the quality of equity capital – that is, its ability to bear losses in case of crisis. Higher collateral requirements for trading book positions and securitizations with equity capital have already been decided and will lead to these transactions becoming more expensive. In addition, the introduction of a nominal limit for the level of indebtedness (a so-called leverage ratio) is being discussed. Additional measures may be the introduction of an anticyclic provisioning for credit failures and higher minimum quota for liquid assets, in order to make the sector more resistant to extreme situations.

Although only the basics are known, and although they will not be implemented until the end of 2012, the suggested changes will have a significant influence on the banking industry in nearly every respect. They may significantly increase the stability of the global finance system in times of crisis, but they will also brake the growth of capital markets and classical balance business, thus reducing financing options for companies and private households in comparison with the times before the crisis. For the banking sector, in view of the lower prospects for growth and a sharper regulation in the next few years, we can expect a structurally lower level of profitability. Finally, we can also assume that investors and banks will orient themselves to the new requirements early and that these will take on de facto effect even before their official pronouncements.

2. Further establishing our leading market position in Germany

To continue on the successful path of previous years, cement market leadership in the home market of Germany, and establish our strong position in European core markets, the PBC Division laid out a comprehensive global **growth program**, which we focused on the efficiency program it contains in 2009 due to the economic context. We will continue the growth agenda for 2010 and 2011, despite the demanding economic conditions. By this means, we hope to establish the basis for permanent, balanced, and **profitable growth in the three dimensions of client, employee, and shareholder**.

In the **client dimension**, the Deutsche Bank consulting discussion is the focus of our communication. A clear focus on customer utility and the quality of our consulting will continue to increase customer satisfaction and the trust of our customers in the **Deutsche Bank brand**. Our main task in the next few years will be to stabilize client relationships and start new ones, to win back lost trust in banks and banking products in general, and to orient ourselves better to the expectations of our clients. We will place customer needs even more systematically in the center of our service offering. As a result of the financial crisis, customer preference for deposit-secured assets and products with reduced complexity will continue, even if these are associated with lower yields. To this extent, we will have to place far more importance on transparency than in the past. Transparency applies to the functioning of products as well as to their pricing. As an initial step in this direction, at the start of 2010 we introduced product road signs in the form of icons for all new actively offered investment funds and certificates, and we want to progressively augment this program. Moreover, since February 2010, we have been implementing the requirements from EU guidelines – EU-wide implementation is planned for mid-2011 – with the successive introduction of product information sheets, the so-called "packing slip." This packing slip supplements the documentation for all new investment products in the areas of funds, certificates, and mandate products, but also those in deposit products, such as fixed-term deposits. Moreover, clients will have an even higher need than ever for **high-quality consulting** that stands for its **competence and quality**, so that client discussions will gain intensity in terms of both content and time. Thinking for the long term, concentrating on individual clients, taking time: These will mark high-quality consulting.

We are investing specifically in our consulting business. To do this, we will significantly expand our coverage area. We plan to open 150 additional branches by 2012. We will also augment our consulting team by hiring more than a thousand new consultants, in order to be better staffed, especially in consulting-intensive areas with business clients and affluent private clients. The first step on this path was taken in 2009 with the hire of more than 100 consultants. Through planned investment in new employees and locations, we will bundle forces and bring our offering even closer to our clients.

With our growth program, we want to significantly expand our number of clients, which stands today at 8.6 million. Moreover, the cost-to-earnings ratio in this area should be reduced to the usual European level.

The growth program also includes **efficiency measures**, the implementation of which got underway in 2009 and which will be complete in 2010. The goal of these is the bundling of administrative activities and processes in the area of banking services, making them more efficient. These measures will have a permanent positive influence on our operational cost basis in the coming years. We are also continuing our far-reaching, long-term cost management approach in order to be able to react ideally to the changed economic environment.

But balanced growth also includes continued investment in our **employees**. To this end, we have started a comprehensive change program consisting of different subprojects that will further develop sales control, leadership culture, and consulting, among others. We will continue this program with the strong participation of management from the sales region.

With the growth program on the customer side and the efficiency program on the cost side, we want to significantly increase the pre-tax results in the **shareholder dimension**.

The second leg of our PBC growth agenda in Germany is the **strategic holding in Postbank** undertaken by Deutsche Bank. In the context of this holding, both partners plan to expand cooperation in 2010. The challenges of cooperation in the coming years, in addition to work on a possible shared IT target platform, will be the implementation of already-identified synergies and the harnessing of existing success in the sale of investment products. The goal continues to be for each to benefit from the specific strengths of the other.

The third field of action consists of the further development of our **subsidiaries**. In Poland, the task is to continue to drive the consistent implementation of growth strategy and permanently expand the market presence of **Deutsche Bank PBC S.A**. To this end, we will continue to invest in expansion of the branch network and the expansion and establishment of profitable business fields such as consumer credit.

At Berliner Bank and Deutsche Bank PGK, the project "Berliner Bank Transformation" is running on all cylinders. We plan to integrate the Berliner Bank into the Deutsche Bank IT systems in mid-2010, thus transitioning Berliner Bank into a subsidiary of Deutsche Bank PGK while retaining the independent **Berliner Bank brand**. In all, a variety of synergies are possible in the areas of infrastructure, organization, and management, as well as products and processes. In 2010, however, the migration will result in additional costs.

At the same time, we also see **business risk** for 2010 and 2011, resulting from further development of the economic environment. In the context of growing national debt, inflation scenarios, and the possible discontinuation of state economic programs, business expectations will be plagued by continued uncertainty in the years to come. We can therefore provide no expectations for results in 2010 and 2011, although we expect positive results for our sole shareholder. We also reserve the right to adjust our outlined growth strategy in 2010 depending on the situation, once new trends in the development of capital markets and the real economy can be discerned. Based on the balance sheet modernization law, we will adapt our balance sheet and profit and loss statement to new legal requirements starting in 2010. In particular, the reevaluation of the pension provision will have cost-increasing effects in coming years. Due to the material, lawmakers see it as an option to distribute the augmentation of the provision over a period of 15 years, which Deutsche Bank PGK will utilize.

Despite the current very economically demanding market situation, we are convinced that we are very well positioned as the supporting pillar of PBC Germany with its **business model** based on a two-brand strategy. On one hand, we will continue in our position in the premium segment with our promise to provide the "Best service and best client experience," and on the other hand, norisbank is also a fixed component of the PBC strategy, with its offering as a quality discounter for price-conscious customers.

With the experience of the last few decades, a clear strategy, a well-stocked toolbox to implement it, and motivated employees, we are confident that we can be the first stop for our clients' private client business, even in the next few years. Our actions will be determined by the **vision** of being the **best bank** in the dimensions of client, employee, and shareholder **for private and business clients in Germany**.

Frankfurt am Main, Germany, February 19, 2010

Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft

Der Vorstand

Rainer Neske

Dr. Roland Folz	Guido Heuveldop	Dr. Christian Ricken
Karl von Rohr	Hanns-Peter Storr	Frank Strauß

Non-binding translation of the

Auditor's report

We have audited the year-end report – including the balance sheet, profit and loss accounts as well as appendix – with the involvement of the Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt am Main, accounting for the financial year from January 1 through December 31, 2009. The accounting and compilation of the annual financial statement per German commercial regulations is the responsibility of the board of management of the company. It is our job to establish an assessment of the year-end report with the involvement of accounting based on the audit that we conducted.

We have conducted our year-end audit per §317 HGB [German Commercial Code] with observance to the German guidelines for a regular audit as determined by the Institut der Wirtschaftsprüfer (IDW) [German Institute of Auditors]. The audit is to be planned and carried out accordingly, so that errors and violations will be identified with sufficient certainty in the year-end report publication, observing the Principles of Sound Accounting to paint an accurate picture of the company’s assets, finances and earnings. In determining the audit procedures, we considered our knowledge of the business and economic and legal background of the company as well as the expectations concerning possible errors. Within the framework of the audit, the accounting system’s effectiveness is evaluated based on an internal control system as well as documentation for the details in accounting and year-end results carried out via spot checks. The audit includes evaluation of the applied accounting methods, evaluation of the basic assessments of the board of management, as well as appraisal of the overall picture presented by the year-end report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has lead to no discrepancies.

In our opinion, based on the findings of the audit, the year-end report is in compliance with the legal regulations and presents a true and fair view of the assets, financial position and earnings positions of the company, in accordance with the principles of proper accounting.

Frankfurt am Main, February 19, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Kuppler	Bose
Auditor	Auditor