

Consolidated Statement of Income

Income Statement

in € m.	Three months ended	
	Mar 31, 2005	Mar 31, 2004
Interest revenues	8,907	6,728
Interest expense	7,464	5,334
Net interest revenues	1,443	1,394
Provision for loan losses	94	123
Net interest revenues after provision for loan losses	1,349	1,271
Commissions and fees from fiduciary activities	809	798
Commissions, broker's fees, markups on securities underwriting and other securities activities	918	983
Fees for other customer services	607	622
Trading revenues, net	2,411	2,035
Net gains on securities available for sale	110	65
Net income from equity method investments	132	163
Other revenues	153	94
Total noninterest revenues	5,140	4,760
Compensation and benefits	2,998	2,816
Net occupancy expense of premises	245	305
Furniture and equipment	40	45
IT costs	378	450
Agency and other professional service fees	182	170
Communication and data services	147	156
Other expenses	548	528
Goodwill impairment/impairment of intangibles	–	–
Restructuring activities	168	–
Total noninterest expenses	4,706	4,470
Income before income tax expense and cumulative effect of accounting changes	1,783	1,561
Income tax expense	649	597
Reversal of 1999/2000 credits for tax rate changes	31	23
Income before cumulative effect of accounting changes, net of tax	1,103	941
Cumulative effect of accounting changes, net of tax	–	–
Net income	1,103	941

Earnings per Share

in €	Three months ended	
	Mar 31, 2005	Mar 31, 2004
Earnings per common share		
Basic		
Income before cumulative effect of accounting changes, net of tax	2.36	1.81
Cumulative effect of accounting changes, net of tax	–	–
Net income	2.36	1.81
Diluted		
Income before cumulative effect of accounting changes, net of tax ¹	2.09	1.67
Cumulative effect of accounting changes, net of tax	–	–
Net income	2.09	1.67
Number of shares in m.		
Denominator for basic earnings per share – weighted-average shares outstanding	467.7	521.1
Denominator for diluted earnings per share – adjusted weighted-average shares after assumed conversions	509.1	563.2

¹ Including numerator effect of assumed conversions. The effect for the three months ended March 31, 2005 was € (0.08).

Consolidated Balance Sheet

Assets

in € m.	Mar 31, 2005	Dec 31, 2004
Cash and due from banks	8,263	7,579
Interest-earning deposits with banks	21,004	18,089
Central bank funds sold and securities purchased under resale agreements	131,335	123,921
Securities borrowed	85,652	65,630
Bonds and other fixed-income securities	229,633	224,536
Equity shares and other variable-yield securities	81,201	73,176
Positive market values from derivative financial instruments	65,142	67,173
Other trading assets	8,799	8,262
Total trading assets	384,775	373,147
Securities available for sale	24,113	20,335
Other investments	7,644	7,936
Loans, net	142,501	136,344
Premises and equipment, net	5,035	5,225
Goodwill	6,643	6,378
Other intangible assets, net	1,116	1,069
Other assets	82,790	74,415
Total assets	900,871	840,068

Liabilities and Shareholders' Equity

in € m.	Mar 31, 2005	Dec 31, 2004
Noninterest-bearing deposits	29,594	27,274
Interest-bearing deposits	319,263	302,195
Total deposits	348,857	329,469
Bonds and other fixed-income securities	78,461	77,080
Equity shares and other variable-yield securities	26,069	20,567
Negative market values from derivative financial instruments	67,398	71,959
Total trading liabilities	171,928	169,606
Central bank funds purchased and securities sold under repurchase agreements	113,249	105,292
Securities loaned	20,887	12,881
Other short-term borrowings	25,295	20,118
Other liabilities	74,780	66,870
Long-term debt	115,177	106,870
Obligation to purchase common shares	3,872	3,058
Total liabilities	874,045	814,164
Common shares, no par value, nominal value of € 2.56	1,404	1,392
Additional paid-in capital	11,314	11,147
Retained earnings	20,982	19,814
Common shares in treasury, at cost	(1,909)	(1,573)
Equity classified as obligation to purchase common shares	(3,872)	(3,058)
Share awards	1,872	1,513
Accumulated other comprehensive income (loss)		
Deferred tax on unrealized net gains on securities available for sale relating to 1999 and 2000 tax rate changes in Germany	(2,677)	(2,708)
Unrealized net gains on securities available for sale, net of applicable tax and other	1,722	1,760
Unrealized net gains on derivatives hedging variability of cash flows, net of tax	33	37
Minimum pension liability, net of tax	(1)	(1)
Foreign currency translation, net of tax	(2,042)	(2,419)
Total accumulated other comprehensive loss	(2,965)	(3,331)
Total shareholders' equity	26,826	25,904
Total liabilities and shareholders' equity	900,871	840,068

Segmental Results of Operations

Three months ended Mar 31, 2005	Corporate and Investment Bank			Private Clients and Asset Management			Corporate Investments	Total Management Reporting
	Corporate Banking & Securities	Global Transaction Banking	Total	Asset and Wealth Management	Private & Business Clients	Total		
in € m. (except percentages)								
Net revenues	4,052	485	4,537	891	1,154	2,045	112	6,694
Underlying revenues	4,052	485	4,537	880	1,154	2,034	(2)	6,570
Provision for loan losses	9	6	16	1	78	78	(0)	94
Provision for off-balance sheet positions ¹	(1)	(11)	(11)	(0)	(1)	(1)	(0)	(12)
Total provision for credit losses	8	(4)	4	0	77	77	(0)	81
Operating cost base	2,587	336	2,924	719	832	1,550	42	4,516
Minority interest	10	–	10	(1)	0	(1)	1	10
Restructuring activities	107	15	122	34	11	45	0	168
Goodwill impairment/impairment of intangibles	–	–	–	–	–	–	–	–
Policyholder benefits and claims	–	–	–	11	–	11	–	11
Provision for off-balance sheet positions ¹	(1)	(11)	(11)	(0)	(1)	(1)	(0)	(12)
Total noninterest expenses	2,704	341	3,045	762	842	1,604	43	4,692
Income before income taxes	1,339	138	1,477	129	234	363	69	1,908
Add (deduct):								
Net gains on securities available for sale/industrial holdings including hedging	–	–	–	–	–	–	(87)	(87)
Significant equity pick-ups/net gains from investments ²	–	–	–	–	–	–	(27)	(27)
Net (gains) losses from businesses sold/held for sale	–	–	–	–	–	–	–	–
Restructuring activities	107	15	122	34	11	45	0	168
Goodwill impairment/impairment of intangibles	–	–	–	–	–	–	–	–
Underlying pre-tax profit (loss)	1,446	153	1,599	163	245	408	(44)	1,962
Cost/income ratio in %	67	72	67	86	73	78	39	70
Underlying cost/income ratio in %	64	69	64	82	72	76	N/M	69
Assets ³	771,742	19,615	785,153	37,916	79,392	117,263	16,409	893,563
Risk-weighted positions (BIS risk positions)	135,774	11,628	147,402	12,415	55,450	67,864	10,099	225,366
Average active equity	11,469	1,317	12,786	4,835	1,713	6,548	3,328	22,663
Pre-tax return on average active equity in %	47	42	46	11	55	22	8	34
Underlying pre-tax return on average active equity in %	50	46	50	13	57	25	(5)	35

N/M – Not meaningful

¹ Provision for off-balance sheet positions is reclassified from “Noninterest expenses” to “Total provision for credit losses”.

² Includes net gains/losses from significant equity method investments and other significant investments.

³ The sum of corporate divisions does not necessarily equal the total of the corresponding group division because of consolidation items between corporate divisions, which are to be eliminated on the group division level. The same approach holds true for the sum of group divisions compared to Total Management Reporting.

Three months ended Mar 31, 2004	Corporate and Investment Bank			Private Clients and Asset Management			Corporate Investments	Total Management Reporting
	Corporate Banking & Securities	Global Transaction Banking	Total	Asset and Wealth Management	Private & Business Clients	Total		
in € m. (except percentages)								
Net revenues	3,480	516	3,996	907	1,142	2,049	158	6,204
Underlying revenues	3,480	494	3,974	883	1,142	2,025	(3)	5,995
Provision for loan losses	57	(4)	53	(5)	69	64	6	123
Provision for off-balance sheet positions ¹	19	–	19	(1)	(1)	(1)	–	18
Total provision for credit losses	76	(4)	72	(5)	68	63	6	141
Operating cost base	2,362	396	2,758	732	819	1,551	99	4,408
Minority interest	1	–	1	1	–	1	(1)	2
Restructuring activities	–	–	–	–	–	–	–	–
Goodwill impairment/impairment of intangibles	–	–	–	–	–	–	–	–
Policyholder benefits and claims	–	–	–	25	–	25	–	25
Provision for off-balance sheet positions ¹	19	–	19	(1)	(1)	(1)	–	18
Total noninterest expenses	2,382	396	2,778	757	819	1,576	98	4,452
Income before income taxes	1,041	124	1,165	155	255	409	54	1,628
Add (deduct):								
Net gains on securities available for sale/industrial holdings including hedging	–	–	–	–	–	–	(50)	(50)
Significant equity pick-ups/net gains from investments ²	–	–	–	–	–	–	(89)	(89)
Net gains from businesses sold/held for sale	–	(23)	(23)	–	–	–	(22)	(45)
Restructuring activities	–	–	–	–	–	–	–	–
Goodwill impairment/impairment of intangibles	–	–	–	–	–	–	–	–
Underlying pre-tax profit (loss)	1,041	101	1,142	155	255	409	(107)	1,444
Cost/income ratio in %	68	77	69	84	72	77	62	71
Underlying cost/income ratio in %	68	80	69	83	72	77	N/M	74
Assets (as of Dec 31, 2004) ³	720,596	16,589	729,872	34,945	78,930	113,818	16,442	832,933
Risk-weighted positions (BIS risk positions)	129,716	11,848	141,564	11,909	51,958	63,867	12,031	217,462
Average active equity	11,561	1,260	12,822	4,990	1,573	6,562	3,956	23,339
Pre-tax return on average active equity in %	36	39	36	12	65	25	5	28
Underlying pre-tax return on average active equity in %	36	32	36	12	65	25	(11)	25

N/M – Not meaningful

¹ Provision for off-balance sheet positions is reclassified from “Noninterest expenses” to “Total provision for credit losses”.

² Includes net gains/losses from significant equity method investments and other significant investments.

³ The sum of corporate divisions does not necessarily equal the total of the corresponding group division because of consolidation items between corporate divisions, which are to be eliminated on the group division level. The same approach holds true for the sum of group divisions compared to Total Management Reporting.

RoE Target Definition

in € m., unless stated otherwise	Three months ended Mar 31, 2005
Reported income before income taxes¹	1,783
Add:	
Restructuring activities (Business Realignment Program-related)	168
Income before income taxes (target definition)	1,951
Average active equity	23,620
Pre-tax return on average active equity (target definition)	33.0%

¹ Income before income tax expense and cumulative effect of accounting changes.

Reconciliation of Reported to Underlying Results

Set forth below are the reconciliations of non-U.S. GAAP financial measures to the most directly comparable U.S. GAAP financial measures.

in € m.	Three months ended		Change in %
	Mar 31, 2005	Mar 31, 2004	
Reported net revenues¹	6,583	6,154	7
Add (deduct):			
Net gains on securities available for sale/ industrial holdings including hedging	(87)	(50)	73
Significant equity pick-ups/net gains from investments ²	(27)	(89)	(70)
Net gains from businesses sold/ held for sale	–	(45)	N/M
Policyholder benefits and claims ³	(15)	(50)	(71)
Underlying revenues	6,456	5,921	9
Reported provision for loan losses	94	123	(24)
Provision for off-balance sheet positions ⁴	(12)	18	N/M
Total provision for credit losses	81	141	(42)
Reported noninterest expenses	4,706	4,470	5
Add (deduct):			
Restructuring activities	(168)	–	N/M
Goodwill impairment/impairment of intangibles	–	–	N/M
Minority interest	(11)	(2)	N/M
Policyholder benefits and claims ³	(15)	(50)	(71)
Provision for off-balance sheet positions ⁴	12	(18)	N/M
Operating cost base	4,526	4,400	3
Reported income before income taxes⁵	1,783	1,561	14
Add (deduct):			
Net gains on securities available for sale/ industrial holdings including hedging	(87)	(50)	73
Significant equity pick ups/net gains from investments ²	(27)	(89)	(70)
Net gains from businesses sold/ held for sale	–	(45)	N/M
Restructuring activities	168	–	N/M
Goodwill impairment/impairment of intangibles	–	–	N/M
Underlying pre-tax profit	1,837	1,377	33

N/M – Not meaningful

¹ Net interest revenues before provision for loan losses and total noninterest revenues.

² Includes net gains/losses from significant equity method investments and other significant investments.

³ Policyholder benefits and claims are reclassified from "Noninterest expenses" to "Underlying revenues".

⁴ Provision for off-balance sheet positions is reclassified from "Noninterest expenses" to "Total provision for credit losses".

⁵ Income before income tax expense and cumulative effect of accounting changes.

Reconciliation of Group Reported and Underlying Ratios

in € m.	Three months ended		Change
	Mar 31, 2005	Mar 31, 2004	
Reconciliation of cost ratios			
Reported noninterest expenses	4,706	4,470	5%
Deduct:			
Compensation and benefits	2,998	2,816	6%
Non-compensation noninterest expenses	1,708	1,654	3%
Add (deduct):			
Restructuring activities	(168)	–	N/M
Goodwill impairment/impairment of intangibles	–	–	N/M
Minority interest	(11)	(2)	N/M
Policyholder benefits and claims	(15)	(50)	(71)%
Provision for off-balance sheet positions	12	(18)	N/M
Non-compensation operating cost base	1,528	1,585	(4)%
Cost/income ratio	71.5%	72.6%	(1.1) ppt
Underlying cost/income ratio	70.1%	74.3%	(4.2) ppt
Compensation ratio	45.5%	45.8%	(0.3) ppt
Underlying compensation ratio	46.4%	47.6%	(1.2) ppt
Non-compensation ratio	25.9%	26.9%	(1.0) ppt
Underlying non-compensation ratio	23.7%	26.8%	(3.1) ppt
Reconciliation of profitability ratios			
Net income	1,103	941	17%
Add (deduct):			
Reversal of 1999/2000 credits for tax rate changes	31	23	35%
Cumulative effect of accounting changes, net of tax	–	–	N/M
Adjusted net income	1,134	964	18%
Average shareholders' equity	26,400	28,422	(7)%
Add (deduct):			
Average unrealized gains on securities available for sale, net of tax and average deferred taxes relating to 1999 and 2000 tax rate changes in Germany	(1,739)	(1,885)	(8)%
Average dividends	(1,041)	(946)	10%
Average active equity	23,620	25,591	(8)%
Return on average shareholders' equity (after tax)	16.7%	13.2%	3.5 ppt
Adjusted return on average active equity (after tax)	19.2%	15.1%	4.1 ppt
Pre-tax return on average shareholders' equity	27.0%	22.0%	5.0 ppt
Pre-tax return average active equity	30.2%	24.4%	5.8 ppt
Underlying pre-tax return on average active equity	31.1%	21.5%	9.6 ppt
Equity turnover (based on average shareholders' equity)	99.7%	86.6%	13.1 ppt
Equity turnover (based on average active equity)	111.5%	96.2%	15.3 ppt
Underlying equity turnover (based on average active equity)	109.3%	92.5%	16.8 ppt
Profit margin	27.1%	25.4%	1.7 ppt
Underlying profit margin	28.5%	23.3%	5.2 ppt

ppt – percentage points N/M – Not meaningful