Annual Financial Statements and Management Report of Deutsche Bank AG 2005

Deutsche Bank

Deutsche Bank Aktiengesellschaft
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Management Report

Economic environment

The global economy proved to be highly robust in 2005, growing by 4.5%. Almost half of this global increase was attributable to China and the United States, which grew by 9.9% and 3.5% respectively. Gross domestic product (GDP) growth in Japan accelerated to 2.8%, while in the euro zone it slowed to 1.3%. Economic growth in the European Union stood at 1.5%. Only Germany - with just 0.9% - lagged well behind other countries' growth rates, as stagnant consumer spending proved particularly disappointing. The capital markets performed better than expected last year, while a mood of confidence returned to the international financial markets. The Nikkei index added 40% and the DAX rose by 27%. By contrast, the Dow Jones fell slightly by 0.6%, partly in response to continued interest rate hikes by the U.S. central bank.

Banks around the world reported solid results in 2005. Profits in the global banking industry rose sharply for the fourth year in succession, easily outperforming the record levels achieved in 2000 both in absolute terms and relative to assets and capital. Strong earnings growth coincided with effective cost controls and, even more importantly, a sharp fall in risk provisions, the latter reflecting both the extremely encouraging risk position and the significant improvement in risk management. The rise in banks' profits also extended to countries such as Germany where such growth had previously been subdued. Given the strong performance of the global capital markets, commission income and trading profits were the two key drivers of earnings growth. Net interest income also improved, albeit less than the other two sources of income as a result of the persistently stiff competition and a normalization of the interest environment. The strongest growth in net interest income came from consumer lending, especially in markets where real-estate prices rose sharply. By contrast, credit growth in the corporate sector remained subdued owing to companies' ample levels of liquidity and – in Europe – low volumes of capital spending. Costs rose slightly on average, although this essentially reflected larger business volumes and an increase in performance-related pay. Overall, however, cost discipline remained intact, with outsourcing and the industrialization of processes emerging as key issues for the banking industry in 2005.

Income Statement

The profit generated by Deutsche Bank AG for the 2005 financial year was influenced to a large extent by the high level of net income from financial transactions, which in turn was attributable to a change in the methods used to value trading activities. Given the dynamic developments in trading strategies, the growing complexity of trading products and the greater use of derivative financial instruments, the best practice methods used before - such as the portfolio approach and the zero-line approach – which generalize the principle of valuation unit to the portfolio level did not fully reflect the economic reality. In order to ensure that the presentation of our trading results reflects economic view, we have for the first time valued the financial instruments in our trading portfolios using a risk-adjusted mark-to-market approach. This approach requires an effective risk management process for our strictly limited, actively managed trading books and the application of accepted risk measurement methods. We comply with the prudence principle laid out in the German Commercial Code (HGB) by making an additional risk adjustment in the form of a value-at-risk discount. This adjustment is determined by the maximum potential future loss likely to occur under normal market conditions for a certain confidence level (probability) over a specified period. The risk-adjusted mark-to-market approach used for trading activities helps provide a much better insight into the bank's net assets, financial position and results of operations.

Further rise in net interest income

Having risen sharply in 2004 (by 11.0%), net interest income improved by 7.4% to € 6,308 million during the year under review. This increase was due to greater volumes in our lending and money market business and to larger securities portfolios resulting from the expansion of our trading activities. By contrast, interest income from shares in affiliated companies declined year on year owing to the lower capitalization of dividends paid by our subsidiaries.

Of the income from profit-pooling, profit-transfer and partial profit-transfer agreements totalling € 1,531 million (an increase of € 294 million), € 876 million relates to DB Capital Markets (Deutschland) GmbH, € 517 million to Deutsche Bank Privat- und Geschäftskunden AG, and € 77 million to DB Export-Leasing GmbH.

Net commission income raised to almost € 5 billion

At € 4,981 million, commission business made another solid contribution to the bank's profits, exceeding the prior-year figure by 18.8%. At least half of this increase is attributable to commissions from services rendered for subsidiaries. There were also improvements in the commissions earned from securities business, especially from the issuance and placement of equity shares, from the sale of mutual fund units, and from mergers and acquisitions (M&A). Commission income from loan processing and guarantees also performed encouragingly, rising by 18.9%. By contrast, commissions earned from agency business decreased year on year.

Net income from financial transactions influenced by one-off item

During the year under review we changed the valuation approach for our trading activities, adopting a risk-adjusted mark-to-market approach. The net income from financial transactions calculated under this method totalled € 10.1 billion; the majority of this amount (€ 6.6 billion) was attributable to the cumulative effect of changing the valuation method relating to years up to 2004.

Administrative expense

Administrative expense grew by € 1,115 million (11.7%) to € 10,660 million. The staff expenses included in this figure rose by 13.8% to € 6,131 million due to the increase in performance-related remuneration. On the other hand, the measures implemented as part of the bank's Business Realignment Program generated cost savings.

The number of employees fell by 1,098 to 27,101.

The table below gives a geographical breakdown of our staff:

	Dec 31, 2005	Dec 31, 2004	Change
Germany	13,230	14,361	– 1,131
Europe excl. Germany	7,278	7,954	– 676
Americas	2,211	2,408	– 197
Africa / Asia / Australia	4,382	3,476	+ 906
Total	**27,101**	**28,199**	**– 1,098**

The higher headcount in the Africa / Asia / Australia region is primarily attributable to the expansion of business in India.

The € 427 million increase in other administrative expenses by 11.0% to € 4,299 million is largely due to our greater utilization of services rendered by our subsidiaries. By contrast, the cost of consultancy services and rents for premises decreased.

Depreciation, amortization and write-downs of tangible and intangible assets came to € 230 million (2004: € 283 million).

The balance of other operating income/expenses resulted in a net expense of € 847 million. Other operating expenses include € 55 million in direct and indirect compensation paid in connection with the grundbesitz-invest open-ended real-estate fund.

Lower provisions needed for credit risks

Income from write-ups of claims and certain securities as well as from the release of provisions for possible loan losses is reported at € 72 million (2004: expense of € 158 million) after having been offset against expenses pursuant to section 340f (3) HGB. The year-on-year reduction in loan-loss provisions reflects the quality of our credit portfolio, our robust credit risk management and the benign lending environment.

Net income of € 216 million (2004: € 66 million) was earned on securities of the liquidity reserve (certain securities).

Operating profit

The change in the valuation method for our trading activities and the adoption of a risk-adjusted mark-to-market approach mentioned at the beginning of this report made a decisive contribution to the bank's strong operating profit of € 9,951 million.

Other income/expenses

Income from write-ups of participating interests, shares in affiliated companies and securities treated as fixed assets came to € 410 million after having been offset against expenses pursuant to section 340c (2) HGB.

Addition to the fund for general banking risks

We allocated € 3,475 million to the fund for general banking risks, which is reported as a separate item in the accounts. The fund is used to cover the particular risks faced by banks in their line of business. The fund for general banking risks also functions like capital and reserves and qualifies as core capital for regulatory purposes.

The extraordinary expenses of € 293 million relate to restructuring costs in connection with the Business Realignment Program. This program includes a number of initiatives designed to generate further earnings growth and cut costs.

Taxes

Income taxes of € 2,903 million were largely incurred by our foreign branches and essentially arose from the release of deferred tax assets owing to a change in the method used to value our trading activities and the adoption of a risk-adjusted mark-to-market approach that also impacts on taxation in Germany.

Net income boosted by one-off item

Net income came to € 3,672 million, driven by a change in the valuation method for financial instruments in our trading portfolios. Since our holdings of own shares were increased, we allocated € 1,741 million from our net income (including profit carried forward) to the reserve for own shares; we also allocated € 701 million to our other revenue reserves.

Proposed appropriation of profit: sharp dividend increase

Including the profit carried forward of € 56 million from 2004, the bank's distributable profit comes to € 1,286 million. We propose to our shareholders that this distributable profit be appropriated to pay a dividend of € 2.50 per share (2004: € 1.70). The total dividend payout was increased by € 403 million as a result of the higher dividend and by € 26 million owing to capital increases resulting from the exercise of option rights; however, this amount was reduced by € 68 million owing to the retirement of 40 million shares decided in January 2006 as part of the share buyback program.

From the income statement of Deutsche Bank AG:

in € m.	2005	2004	Change in € m.	Change in %
Interest income[1]	25,289	15,145	+ 10,144	+ 67.0
Current income[2]	6,029	5,637	+ 392	+ 7.0
Total interest income	31,318	20,782	+ 10,536	+ 50.7
Interest expenses	25,010	14,910	+ 10,100	+ 67.7
Net interest income	**6,308**	**5,872**	**+ 436**	**+ 7.4**
Commission income	6,164	5,479	+ 685	+ 12.5
Commission expenses	1,183	1,286	– 103	– 8.0
Net commission income	**4,981**	**4,193**	**+ 788**	**+ 18.8**
Net income from financial transactions	**10,097**	**498**	**+ 9,599**	
Wages and salaries	4,907	4,139	+ 768	+ 18.6
Compulsory social security contributions[3]	1,224	1,251	–27	– 2.2
Staff expenses	6,131	5,390	+ 741	+ 13.8
Other administrative expenses[4]	4,529	4,155	+ 374	+ 9.0
Administrative expense	**10,660**	**9,545**	**+ 1,115**	**+ 11.7**
Balance of other operating income/expenses	– 847	14	– 861	
Risk provisioning	– 72	158	– 230	
Operating profit	**9.951**	**874**	**+ 9,077**	
Balance of other income/expenses	**155**	**– 490**	**+ 645**	
Addition to the fund for general banking risks	**3,475**	**–**	**+ 3,475**	
Net income before taxes	**6,631**	**384**	**+ 6,247**	
Taxes	2,959	– 496	+ 3,455	
Net income	**3,672**	**880**	**+2,792**	
Profit carried forward from the previous year	56	45	+ 11	
	3,728	925	+ 2,803	
Withdrawal from revenue reserves	**–**	**648**	**– 648**	
– from the reserve for own shares	–	–	–	
– from other revenue reserves	–	648	– 648	
Allocations to revenue reserves	**2,442**	**648**	**+ 1,794**	
– to the reserve for own shares	1,741	648	+ 1,093	
– to other revenue reserves	701	–	+ 701	
Distributable profit	**1,286**	**925**	**+ 361**	**+ 39.1**

[1] From lending and money market business, fixed-income securities and government-inscribed debt
[2] From equity shares and other variable-yield securities, participating interests, shares in affiliated companies (including profit and loss transfer agreements) and leasing business
[3] Including expenses for pensions and other employee benefits
[4] Including standard depreciation of tangible assets

Balance sheet

The total assets of Deutsche Bank AG grew by € 576.9 billion during the year under review to € 1,429.3 billion. This jump is largely attributable to the first-time valuation of the trading portfolios using a risk-adjusted mark-to-market approach, which caused a sharp increase in the volume of sundry assets and sundry liabilities, especially as a result of the recognition of positive and negative fair values arising from derivative financial instruments.

Total credit extended

Total credit extended (excluding reverse repos and claims arising from securities lending and securities spot deals) grew by € 43.4 billion, or 24.0%, to € 224.4 billion. The expansion in volumes was almost exclusively attributable to our foreign branches, primarily owing to the increase in claims on the bank's own Group companies.

Credit totalling € 196.2 billion (increase of € 39.5 billion) was extended to corporate and institutional customers, while loans to private and small business clients came to € 5.6 billion (up by € 0.9 billion); loans to banks, which are reported under total credit extended, increased by € 2.4 billion to € 17.4 billion.

The table below gives a breakdown of the total credit extended (excluding reverse repos and claims arising from securities lending and securities spot deals):

			Change	
in € bn.	**Dec 31, 2005**	Dec 31, 2004	in € bn.	in %
Claims on customers	**206.6**	**165.6**	**+ 41.0**	**+ 24.8**
with a residual period of				
up to 5 years[1]	183.5	147.9	+ 35.6	+24.1
over 5 years	23.1	17.7	+ 5.4	+ 31.0
Discounts[2]	**0.4**	**0.4**	–	**– 1.4**
Loans to banks	**17.4**	**15.0**	**+ 2.4**	**+ 16.2**
with a residual period of				
up to 5 years[1]	15.4	14.0	+ 1.4	+ 10.2
over 5 years	2.0	1.0	+ 1.0	+ 97.7
Total	**224.4**	**181.0**	**+ 43.4**	**+ 24.0**

[1] Including those repayable on demand and those with an indefinite period
[2] Unless reported under claims

Claims on banks (excluding loans) increased by € 63.8 billion to € 201.4 billion, especially as a result of the growth in reverse repos and securities lending. These include claims of € 51.9 billion on the Group's own banks.

The total volume of reverse repos – including transactions concluded with customers – amounted to € 226.3 billion (a rise of € 58.0 billion).

Liabilities to banks increased by € 112.8 billion to € 458.3 billion as a result of higher balances on clearing accounts repayable on demand and short-term deposits. The deposits held by our Group banks totalled € 85.3 billion (a decrease of € 5.8 billion).

Securities

Holdings of bonds and other fixed-income securities amounted to € 188.9 billion (an increase of € 18.5 billion); these are mainly used for trading purposes.

Our holdings of equity shares and other variable-yield securities increased by € 21.7 billion to € 107.9 billion due to the growth in our trading activities.

Participating interests

The shareholdings reported under participating interests declined by € 0.5 billion to € 1.2 billion. Additions to our portfolio of participating interests amounted to € 0.3 billion; sales and other disposals came to € 0.8 billion.

Shares in affiliated companies

We increased our shares in affiliated companies by € 1.4 billion to € 34.3 billion. Additions - primarily in the form of capital contributions - amounted to € 2.3 billion; disposals amounted to € 0.9 billion, € 0.6 billion of which stemmed from transfers to other Group companies.

Own shares

The General Meeting on May 18, 2005 adopted a resolution to launch a further share buyback program, which allows up to 10% of our outstanding shares to be repurchased. We utilized this resolution to repurchase some of our own shares. At December 31, 2005, a total of 48.8 million of the bank's own shares had been repurchased under share buyback programs (December 31, 2004: 26.6 million shares). The Management Board adopted a resolution on January 24, 2006 to retire 40 million of the bank's own shares. This corresponds to 7.2% of its share capital.

Customer deposits

Customer deposits grew substantially by 21.8% to € 393.7 billion. Of the new deposits taken in 2005, € 38.9 billion were time deposits and € 31.1 billion were repayable on demand. Savings deposits also grew sharply by 17.3% to € 2.7 billion. Customer deposits included reverse repos of € 79.3 billion (increase of € 27.7 billion).

Liabilities in certificate form posted a net increase of € 36.3 billion to € 113.9 billion. While other liabilities in certificate form (mainly certificates of deposit and other certificates) grew strongly by € 38.3 billion, the volume of bonds and notes issued declined by € 2.0 billion.

The table below gives a breakdown of the bank's liabilities:

			Change	
in € bn.	**Dec 31, 2005**	Dec 31, 2004	in € bn.	in %
Liabilities to banks	**458.3**	**345.5**	**+ 112.8**	**+ 32.6**
repayable on demand	267.9	189.3	+ 78.6	+ 41.5
with agreed period or notice period	190.4	156.2	+ 34.2	+ 21.9
Liabilities to customers	**393.7**	**323.3**	**+ 70.4**	**+ 21.8**
savings deposits	2.7	2.2	+ 0.5	+ 17.3
other liabilities				
repayable on demand	180.1	149.1	+ 31.0	+ 20.9
with agreed period or notice period	210.9	172.0	+ 38.9	+ 22.6
Liabilities in certificate form	**113.9**	**77.6**	**+ 36.3**	**+ 46.7**
bonds and notes issued	21.1	23.1	– 2.0	– 8.7
other liabilities in certificate form	92.8	54.5	+ 38.3	+ 70.3
(thereof: money market instruments)	(35.3)	(15.4)	(+ 19.9)	(+ 129.4)

We increased our subordinated liabilities by a net € 3.4 billion to € 14.0 billion by issuing own bonds and notes.

Capital and reserves

The capital and reserves of Deutsche Bank AG (including the distributable profit, which rose by € 0.4 billion to € 1.3 billion) grew sharply. € 1.7 billion was added to the reserve for own shares owing to its larger holdings of its own shares compared with December 31, 2004; we allocated € 0.7 billion to the other revenue reserves. The exercise of option rights increased the bank's capital by a further € 0.5 billion. Taken together, its capital and reserves amounted to € 20.9 billion at December 31, 2005 (increase of € 3.3 billion). It should also be mentioned that the Management Board adopted a resolution at the end of January 2006 to retire 40 million of the bank's own shares that had been repurchased under the share buyback program. Once these shares have been retired, the bank's capital and reserves will amount to € 18.1 billion.

Regulatory capital and reserves as defined by the German Banking Act (KWG) totalled € 32.2 billion. These mainly consist of equity capital and reserves (as defined by the German Commercial Code), the fund for general banking risks, and subordinated liabilities recognized as supplementary capital (Tier II and Tier III capital).

Risk Report

Types of risk
Deutsche Bank AG is exposed to credit, market, liquidity, operational and business risks.

The risks of Deutsche Bank AG within the Group network
The impact of the above risks on Deutsche Bank AG cannot be isolated from the effects on Deutsche Bank's other separate legal entities. There are several reasons for this:

- The Group's internal structure according to Group Divisions is determined by its customers' needs, in other words by the framework dictated by the market. The external legal structure is determined by local legislation and therefore does not necessarily follow the internal structure. For example, local legislation can determine whether the Group's business in a certain country is handled by a branch of Deutsche Bank AG or by a separate subsidiary. However, the management has to monitor the risks in the bank's business – irrespective of whether it is transacted by a branch or a subsidiary.
- Adequate risk monitoring and management requires knowledge of the extent to which the Group's profit situation depends on the development of certain risk factors, i.e. on the creditworthiness of individual customers or securities issuers or on movements in market prices. The respective exposures therefore need to be analyzed across legal entities. Especially for the credit risk attached to a borrower, it is fairly irrelevant whether the credit exposure to a company is spread over several Group companies or concentrated on Deutsche Bank AG. Separate monitoring of the risk affecting Deutsche Bank AG alone would neglect the potential hazard facing the Group and, indirectly, Deutsche Bank AG – as the parent – if the company became insolvent.
- Individual risk factors are sometimes correlated, and in some cases they operate independently of each other. If estimates of the nature and extent of this correlation are available, the Group's management can greatly reduce the overall risk by diversifying its businesses across customer groups, issuers and countries. The risk correlation is also independent of the Group's legal and divisional structure. The management can therefore only optimize the risk-mitigating effects of diversification if it manages them Group-wide and across legal entities.

Risk management of Deutsche Bank AG within the Group network
For the reasons mentioned, the identification, monitoring and management of all risks in Deutsche Bank AG are integrated into the Group-wide risk management process. It goes without saying that Deutsche Bank AG complies with all legal and regulatory requirements.

Risk management organization
The Management Board provides overall risk management oversight for the consolidated Group as a whole. Our Group Chief Risk Officer, who is a member of our Management Board, is responsible for our credit, market, operational and business risk management activities within our consolidated Group. He chairs our Group Risk Committee, which is responsible for the management of the aforementioned risks across our consolidated Group. Group Treasury is responsible for the management of liquidity risk. The underlying policies are reviewed on a regular basis by the Group Asset and Liability Committee, which is chaired by the Board Member responsible for Treasury. The Group Reputational Risk Committee reviews and makes final determinations on all reputational risk issues, where escalation of such issues is deemed necessary by senior business and regional management, or required under other Group policies and procedures.

Risk management tools
Deutsche Bank uses a comprehensive range of quantitative tools and metrics for monitoring and managing risks. Some of these tools are common to a number of risk categories, while others are tailored to the particular features of specific risk categories. These quantitative tools and metrics generate the following kinds of information:
- Information that quantifies the susceptibility of the market value of single positions or portfolios to changes in market parameters (commonly referred to as sensitivity analysis).
- Information that measures aggregate risk using statistical techniques, taking into account the interdependencies and correlations between individual risks.
- Information that quantifies exposures to losses that could arise from extreme movements in market prices or rates, using scenario analysis to simulate crisis situations.

Deutsche Bank's policies and risk limits are aligned with such quantitative tools and metrics across the Group Divisions to effectively manage risks.

Figures prescribed by the regulatory authority
The risk position and capital and reserves must be calculated for regulatory assessment of the bank's capacity to assume risk.

Risk position
The risk position is the total risk the bank has assumed, which is calculated according to regulations by risk-weighting the assets for credit risk and market risk. The German Federal Financial Supervisory Authority permits us to use our proprietary value-at-risk approach to calculate the market risk component. The bank's risk position must be backed by capital such that the required regulatory capital ratios are maintained.

Regulatory capital and reserves
Regulatory capital and reserves consist of core capital (Tier I), supplementary capital (Tier II) and Tier III capital.

Information on the types of risk
The following sections give information on the types of risk.

Market risk
Deutsche Bank assumes market risk in both trading and nontrading activities. We employ different methods for the measurement of these risks, which are specifically tailored to the risk situation in the trading book or the nontrading book respectively. Value-at-risk is the most important metric we use in the management of our trading market risk while we assess the market risk in our nontrading portfolios primarily through the use of stress szenarios. The market risk of the Group is managed by the Group Risk Committee and those responsible for market risk management in the Group Divisions. We make use of a comprehensive risk limit structure by Business Division and region which is determined mainly by Group Market Risk Management.

Credit risk
All Group Divisions of Deutsche Bank AG assume credit risk. Group credit risk is managed via the Group Risk Committee and those responsible for risk management in the Group Divisions.

Liquidity risk
Liquidity risk management is the responsibility of Group Treasury. It is based on the analysis of all cash flows by business division, product, currency and location. The management process includes monitoring and limiting of aggregated cash outflows and funding. Diversification effects and customer concentration are observed. In addition we apply regular scenario analysis in order to determine potential liquidity stresses due to unexpected bank-specific or external events and how to compensate them.

Operational risk

Operational Risk Management is an independent risk management function within Deutsche Bank. The Chief Risk Officer for Credit and Operational Risk has appointed a Global Head of Operational Risk Management. He is a member of the Group Risk Committee and chairs the Operational Risk Management Committee. Operational Risk Management is responsible for defining the operational risk framework and related policies and provides the risk management toolset to the Business Divisions who are responsible for implementing the framework.

Reputational risk

Within our risk management processes, we define reputational risk as the threat that publicity concerning a transaction, counterparty or business practice involving a client will negatively impact the public's trust in our organization.

Business risk

Business risk describes the risk we assume due to potential changes in general business conditions, such as our market environment, client behavior and technological progress. This can affect our earnings if we fail to adjust quickly to these changing conditions.

Overall risk position according to supervisory law

From a regulatory point of view, the risk positions according to Principle I (risk-weighted assets of the banking book, default risk of the trading book and market risk equivalent) are as shown in the following table. Their calculation is based on the provisions of the German Banking Act (KWG), Principle I and the German Commercial Code (HGB). The table below shows the risk positions according to Principle I:

in € m.	**Dec 31, 2005**	Dec 31, 2004
Risk-weighted assets of the banking book	191,032	162,384
Market risk equivalent and default risk of the trading book	66,790	56,419
Total	**257,822**	**218,803**

Capital and reserves

Capital and reserves according to the German Banking Act and Principle I, which are calculated on the basis of the German Commercial Code, are as shown:

in € m.	**Dec 31, 2005**	Dec 31, 2004
Core capital (Tier I)	19,128	14,445
Supplementary capital (Tier II)	9,642	7,294
Items deducted pursuant to § 10 (6) German Banking Act and Principle I	(427)	(1,991)
Available Tier III capital	3,578	2,780
Total own funds according to Principle I	**31,921**	**22,528**
Liable capital ratio	14,8%	12.2%
Overall ratio	12,4%	10.3%

With an overall ratio of 12.4%, Deutsche Bank AG is well above the minimum ratio of 8% prescribed by the German Banking Act.

Outlook

The Global Economy

In the last months of 2005 business confidence in the industrialised nations improved strongly, paving the way for a good start to 2006, when the global economy is expected to grow by approximately 4%. However, the U.S. economy may see GDP growth slowing to around 3% in 2006 as higher interest rates dampen the stimulus from mortgage refinancing and fiscal policy turns neutral. In Asia, growth is again expected to be fuelled by strong GDP growth, of over 9%, in the Chinese economy, while in Japan the upswing should continue due to the structural improvements in the corporate sector. In the Eurozone, GDP growth should approach 2%, as healthy corporate balance sheets and rising capacity utilisation drive stronger investment spending and slightly better employment growth supports private consumption. Germany's GDP should expand by around 1.75% in 2006, with international competitiveness boosted by robust exports and investment, while private consumption should pick up temporarily in anticipation of a rise in VAT in 2007.

The main risks to this global outlook stem from the possibility of further geopolitical tensions. Risk factors include further political instability, the possibility of terrorist activity and rises in energy prices. Moreover, global liquidity has driven prices of financial assets to levels which are only partly justified by the economic fundamentals. A stronger-than-expected tightening of monetary policies could result in a substantial correction, which could cause weaker consumption and investment spending, notably in the U.S. economy. Another risk, albeit difficult to assess, is the potential spread of the avian flu virus.

The Banking Industry

The global economy's positive start to 2006 created the preconditions for continued strong profitability of the banking industry. However, a normalisation of the interest rate environment and an anticipated slowing of the world economy will make further earnings growth more difficult to sustain during the course of 2006 and beyond, even if the overall environment remains favorable. Growth of net interest income in consumer lending is expected to slow, as continued margin pressure will no longer be compensated for by the strong lending growth, especially in mortgage and consumer loans, witnessed in 2004 and 2005. Corporate lending volumes are expected to pick up, not least in Germany, reflecting increased investment and M&A activity, but margins will be constrained by strong competition. With the upcoming implementation of the Basle II capital framework starting in January 2007, banks may have to maintain higher levels of capital for bank regulatory purposes, which could increase their financing costs.

A favorable capital markets environment will stimulate both corporate activity and demand for investment management services. Consequently, non-interest income is expected to grow slightly faster than interest income, while an upturn in volatility could prove favourable for both commission and trading income. Well-diversified investment banking franchises will benefit most from these developments.

Consolidation in the banking sector appears set to continue in the United States, Europe and Germany. A number of large commercial banks, insurance companies and other broad-based financial services firms have merged with other financial institutions. On the back of their enhanced size and competitive position, these institutions aim to increase their market share and make the most of scale economies, which could result in pricing pressure in some markets and products.

Cost disciplines are likely to be maintained, with banks aiming to hold any increase in costs to levels below the growth rates of earnings. Credit risk may also have a larger impact on bank profitability in 2006-7, notably in sub-investment grade exposure and lending to marginal households, which are most susceptible to interest rate increases. Consequently, banks' provisioning levels are expected to rise modestly, particularly in markets such as the U.S. and the UK, where consumer debt levels are high. The impact of credit risk on the banking industry is likely to be mitigated to some extent now that credit risk is distributed more widely across the financial system by credit derivatives, default swaps and other credit risk transfer instruments. Overall, the impact of the negative factors is predicted to be modest over 2006 as a whole, but may accelerate toward the end of the year. Obviously, adverse external events could accelerate this pattern.

The Deutsche Bank AG

In this environment, Deutsche Bank is well-positioned to continue to deliver profitable growth. With strong positions in our core businesses, we are well-placed to take advantage of growth in specific regions and product areas; our management of cost, risk and capital will continue to be an important element of our success; and our future financial objectives are clearly defined.

Deutsche Bank derives significant proportions of revenues from capital market-related activity, which, by its nature, is liable to fluctuate depending on market conditions. As a result, a planning horizon of 1–3 years, shorter than for some other industries, is appropriate.

Deutsche Bank is strongly positioned in its core businesses: corporate and investment banking, and private clients and asset management. The outlook for these businesses is positive. In all core businesses, Deutsche Bank's strong positioning and significant investment in the world's main financial hubs and in key emerging markets, in Asia-Pacific and other regions, provides rich opportunities to take advantage of regional economic growth.

As we grow our core businesses, we consider both organic growth and growth via incremental acquisition. As in most industries, growth by acquisition may involve integration and implementation risks, such as client attrition, loss of key personnel, and failure to meet projected financial benefits. Deutsche Bank rigorously assesses all investments against strict criteria of strategic logic, financial impact, and value to shareholders.

We also expect to sustain our cost discipline, as we see the results of our Business Realignment Program, which was largely completed during 2005, deliver operating cost savings in 2006 and beyond. We will continue to seek ways to improve the cost position and efficiency in all our businesses. Nevertheless, staff numbers are expected to increase gradually as we invest in business growth.

We will continue to pursue tight risk management. In respect of market risk, we continue to exercise tight control of both value at risk and economic capital usage. Risk positions may rise as we take advantage of market conditions or in fulfilling our clients' requirements. In respect of credit risk, we anticipate moderate impact on the corporate side, as we continue our use of loan hedging techniques as part of our ongoing loan exposure management strategy. On the consumer side, we continue our strategy of expanding our consumer finance business which contemplates a measured rise in credit risk.

On the back of increased regulation and supervision in recent years, regulators, counterparties, and others have sought to subject financial services providers to increasing responsibilities and liabilities. As a result, we need to devote additional resources to address these requirements and our exposure to legal risks such as litigation, regulation proceedings has increased, in particular in the U.S. We may settle such proceedings prior to a final judgment or determination pursuant to which our liability is established and quantified. We may do so to avoid continuing cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when we believe we have valid defenses to liability. We may also do so when the potential economic, business, regulatory or reputational consequences of failing to prevail would be disproportionate to the cost of settlement. Furthermore, we may, for similar reasons, reimburse counterparties for losses incurred by them even in situations where we do not believe that we are legally compelled to do so. The ongoing financial impact of legal risks might be considerable but is impossible to estimate with confidence.

Sound capital management will continue to play an important role in Deutsche Bank's future performance. During 2005, Deutsche Bank generated significant capital from improved earnings, and deployed this capital to support growth in business volumes, while simultaneously returning significant capital to shareholders through sustained share buyback programs and by a recommended 47% rise in our dividend to € 2.50 per share. Going forward, we aim to continue to generate, and deploy, capital both to grow core businesses and to reward shareholders in this fashion.

Overall, we are confident that Deutsche Bank has the right strategy, the right growth dynamics, the right cost and risk discipline as well as the right capital management to achieve these objectives. We enjoy leading franchises in our key businesses areas, and have proven our ability to perform both in favorable and in challenging conditions. Based on our current outlook for the global economy and the world's capital markets, we are confident of maintaining, in 2006, the good progress of 2005.

Balance Sheet

of Deutsche Bank AG at December 31, 2005

Assets in € m.				**Dec 31, 2005**	Dec 31, 2004
Cash reserve					
a) cash on hand			18		14
b) balances with central banks			2,736		5,454
thereof: with Deutsche Bundesbank	1,297				(2,971)
				2,754	5,468
Debt instruments of public-sector entities and bills of exchange eligible for refinancing at central banks					
a) Treasury bills, discountable Treasury notes and similar debt instruments of public-sector entities			8,251		4,058
thereof: eligible for refinancing at Deutsche Bundesbank	1,269				(35)
b) bills of exchange			390		393
thereof: eligible for refinancing at Deutsche Bundesbank	294				(318)
				8,641	4,451
Claims on banks					
a) repayable on demand			105,510		70,599
b) other claims			113,311		82,029
				218,821	152,628
thereof: reverse repos	64,745				(47,889)
Claims on customers				457,316	317,167
thereof: secured by mortgage charges	3,107				3,477
loans to or guaranteed by public-sector entities	3,218				3,472
reverse repos	161,575				120,456
Bonds and other fixed-income securities					
a) money market instruments					
aa) of public-sector issuers		1,325			6,448
ab) of other issuers		4,207			5,802
thereof: eligible as collateral for Deutsche Bundesbank advances	110				(49)
			5,532		12,250
b) bonds and notes					
ba) of public-sector issuers		79,396			82,661
thereof: eligible as collateral for Deutsche Bundesbank advances	47,914				(57,256)
bb) of other issuers		101,542			73,508
thereof: eligible as collateral for Deutsche Bundesbank advances	11,177				(11,501)
			180,938		156,169
c) own debt instruments			2,396		1,988
nominal amount	2,577				(1,726)
				188,866	170,407
Equity shares and other variable-yield securities				107,901	86,235
Participating interests				1,156	1,645
thereof: in banks	332				(334)
in financial services institutions	258				(293)
Shares in affiliated companies				34,319	32,941
thereof: in banks	5,690				(5,400)
in financial services institutions	1,078				(1,055)
Assets held on a trust basis				941	2,457
thereof: loans on a trust basis	537				(460)
Intangible assets				582	604
Tangible assets				650	702
Own shares (calculatory par value € 125 million)				3,355	1,613
Sundry assets				401,374	71,703
Tax deferral				1,276	3,039
Prepaid expenses				1,389	1,402
Total Assets				**1,429,341**	**852,462**

Liabilities and Shareholders' Equity in € m.				**Dec 31, 2005**	Dec 31, 2004
Liabilities to banks					
a) repayable on demand			267,908		189,315
b) with agreed period or notice period			190,359		156,189
				458,267	345,504
thereof:					
repos	54,657				(40,310)
Liabilities to customers					
a) savings deposits					
aa) with agreed notice period of three months		1,912			1,437
ab) with agreed notice period of more than three months		749			832
			2,661		2,269
b) other liabilities					
ba) repayable on demand		180,155			149,072
bb) with agreed period or notice period		210,927			172,004
			391,082		321,076
				393,743	323,345
thereof:					
repos	79,344				(51,681)
Liabilities in certificate form					
a) bonds and notes issued			21,069		23,069
b) other liabilities in certificate form			92,787		54,522
				113,856	77,591
thereof:					
money market instruments	35,330				(15,400)
own acceptances and promissory notes in circulation	655				(11)
Liabilities held on a trust basis				941	2,457
thereof: loans on a trust basis	537				(460)
Sundry liabilities				412,301	64,821
Deferred income				543	703
Provisions					
a) provisions for pensions and similar obligations			2,995		2,886
b) provisions for taxes			2,019		1,910
c) other provisions			6,292		5,080
				11,306	9,876
Subordinated liabilities				14,016	10,591
Fund for general banking risks				3,475	–
Capital and reserves					
a) subscribed capital			1,420		1,392
conditional capital € 198 m. (Dec 31, 2004: € 275 m.)					
b) capital reserve			11,647		11,159
c) revenue reserves					
ca) statutory reserve		13			13
cb) reserve for own shares		3,355			1,613
cc) other revenue reserves		3,172			2,472
			6,540		4,098
d) distributable profit			1,286		925
				20,893	17,574
Total Liabilities and Shareholders' Equity				**1,429,341**	**852,462**
Contingent liabilities					
a) contingent liabilities from rediscounted bills of exchange			–		–
b) liabilities from guarantees and indemnity agreements (see also pages 26 and 27)			36,734		30,511
c) liability arising from the provision of collateral for third-party liabilities			64		29
				36,798	30,540
Other obligations					
a) repurchase obligations under agreements to sell securities with an option to repurchase them			–		–
b) placement and underwriting obligations			120		32
c) irrevocable credit commitments			104,017		82,021
				104,137	82,053

Income Statement

of Deutsche Bank AG for the year ended December 31, 2005

Expenses in € m.			**2005**	2004
Interest expenses			25,010	14,910
Commission expenses			1,183	1,286
Administrative expenses				
a) staff expenses				
aa) wages and salaries	4,907			4,139
ab) compulsory social security contributions and expenses for pensions and other employee benefits	1,224			1,251
		6,131		5,390
thereof: for pensions	440			(539)
b) other administrative expenses		4,299		3,872
			10,430	9,262
Depreciation, amortization and write-downs of and value adjustments to tangible and intangible assets			230	283
Other operating expenses			977	280
Write-downs of and value adjustments to claims and certain securities as well as additions to provisions for possible loan losses			–	158
Expenses from assumption of losses			2	42
Addition to the fund for general banking risks			3,475	–
Extraordinary expenses			293	481
Income taxes			2,903	– 550
Other taxes, unless reported under other operating expenses			56	54
Net income			3,672	880
Total Expenses			**48,231**	**27,086**

		2005	**2004**
Net income		3,672	880
Profit carried forward from the previous year		56	45
		3,728	925
Withdrawal from revenue reserves			
– from reserve for own shares	–		–
– from other revenue reserves	–		648
		–	648
Allocations to revenue reserves			
– to reserve for own shares	1,741		648
– to other revenue reserves	701		–
		2,442	648
Distributable profit		**1,286**	**925**

Income in € m.		**2005**	2004
Interest income from			
a) lending and money market business	21,480		12,280
b) fixed-income securities and government-inscribed debt	3,809		2,865
		25,289	15,145
Current income from			
a) equity shares and other variable-yield securities	4,249		3,068
b) participating interests	49		38
c) shares in affiliated companies	193		1,284
		4,491	4,390
Income from profit-pooling, profit-transfer and partial profit-transfer agreements		1,531	1,237
Commission income		6,164	5,479
Net income from financial transactions		10,097	498
Income from write-ups of claims and certain securities as well as from the release of provisions for possible loan losses		72	–
Income from write-ups of participating interests, shares in affiliated companies and securities treated as fixed assets		410	33
Other operating income		137	304
Extraordinary income		40	0
Total Income		**48,231**	**27,086**

Notes to the Accounts

The annual financial statements of Deutsche Bank AG for the 2005 financial year have been prepared in accordance with the regulations of the Bank Accounting Directives Act (sections 340 ff. of the German Commercial Code (HGB), Statutory Order on Banks' Accounts (RechKredV)); company-law regulations have been complied with. For the sake of clarity, the figures are reported in millions of euros (€).

In the 2005 annual financial statements of Deutsche Bank AG, trading portfolios have been accounted for the first time using a risk-adjusted mark-to-market approach. The figures for the previous year have not been adjusted.

Basis of presentation

Accounting policies for:

Claims

Claims on banks and customers are generally reported at their nominal amount or at acquisition cost. Necessary value adjustments are deducted.

Securities

Holdings of bonds and other fixed-income securities and of equity shares and other variable-yield securities that do not form part of the trading portfolio are accounted for using the strict lower-of-cost-or-market principle applicable to current assets, i.e. at acquisition cost or market value (if lower) or fair value (if lower).

Bonds and other fixed-income securities as well as equity shares and other variable-yield securities are reported at fair value if they are held for trading purposes. The methods used to value trading activities are described in a separate section.

Trading activities

For the year 2005 all our trading portfolios are for the first time valued using the risk-adjusted mark-to-market approach based on fair values of financial instruments in trading portfolios. The method used to value financial instruments at fair value includes valuation adjustments for close-out costs, liquidity risk and counterparty risk. The positive and negative fair values of derivative financial instruments held for trading purposes are reported under sundry assets or sundry liabilities. In order to take account of any remaining realization risk, the result of the fair-value measurement is reduced by a value-at-risk adjustment, which is reported under sundry liabilities. The calculation of the value-at-risk adjustment is based on a holding period of 10 days and a confidence level of 99%.

Participating interests, shares in affiliated companies and tangible assets

Participating interests and shares in affiliated companies as well as tangible assets and intangible assets acquired for a consideration are reported at their acquisition or manufacturing cost less any depreciation or amortization. Write-downs are made for any impairments that are likely to be permanent.

Securities, participating interests and shares in affiliated companies are – if only temporary impaired – written up to their original values pursuant to the requirement of section 280 (2) HGB. Low-value assets are written off in the year in which they are acquired.

The offsetting option available under section 340c (2) HGB has been utilized.

Liabilities

Liabilities are recognized at their repayment or nominal amounts. Bonds issued at a discount and similar liabilities are reported at their net present value.

Provisions

Provisions for pensions and similar obligations are recognized in accordance with actuarial principles; in Germany, pension provisions are calculated under the entry-age normal method, pursuant to section 6a of the German Income Tax Act, using a discount rate of 6%.

Provisions for taxes and other provisions are accrued in accordance with the principles of prudent commercial judgement in the amount of contingent liabilities or anticipated losses from pending transactions.

Risk provisioning

Provisioning for possible loan losses comprises value adjustments and provisions for all discernible credit and country risks, for inherent default risks and the provision for general banking risks.

Provision for credit risks is made in accordance with prudent criteria in the amount of the anticipated default.

The transfer risk for loans to borrowers in foreign states (country risk) is assessed using a rating system that takes account of the economic, political and regional situation. Provision is made in accordance with prudent criteria for cross-border exposures to certain countries.

Provision is made for inherent credit risk in the form of general value adjustments in accordance with commercial-law principles. In addition, general banking risks are provisioned pursuant to section 340f HGB. The option available under section 340f (3) HGB has been utilized.

Currency translation

Currency translation is consistent with the principles set forth in section 340h HGB.

Assets denominated in foreign currency and treated as fixed assets, but not separately covered in the same currency, are shown at historical cost. Other assets and liabilities denominated in foreign currency and outstanding cash deals are translated at the middle spot rate at the balance sheet date, and forward exchange deals at the forward rate at the balance sheet date.

Expenses and income resulting from currency translation have been recognized in the income statement pursuant to section 340h (2) HGB.

The items on the balance sheets and the income statement of foreign branches are translated into euros at mid-rates at the respective balance sheet dates (closing-rate method). Differences resulting from the translation of balance sheet items within the bank - with the exception of exchange-rate losses on the translation of the capital allocated to our branches outside Germany (including gains and losses carried forward) - are reported as sundry assets or sundry liabilities without profit and loss impact.

Notes to the balance sheet

The marketable securities in the following balance sheet positions are classified as follows:

	listed		unlisted	
in € m.	**Dec 31, 2005**	Dec 31, 2004	**Dec 31, 2005**	Dec 31, 2004
Bonds and other fixed-income securities	172,686	144,475	16,180	25,932
Equity shares and other variable-yield securities	101,049	80,739	2,960	1,581
Participating interests	21	–	0	0
Shares in affiliated companies	–	–	47	47

The item 'Equity shares and other variable-yield securities' (€ 107,901 million) includes € 3,468 million (December 31, 2004: € 3,086 million) in investment fund units that may only be used to meet pension liabilities to employees and retirees in Germany.

Bonds and other fixed-income securities include securities of € 182,780 million that are held for trading purposes and recognized at fair value. Equity shares and other variable-yield securities include securities of € 103,130 million that are held for trading purposes and recognized at fair value.

The following schedule shows the changes in fixed assets:

	Acquisition/manufacturing costs			Depreciation/amortization, write-downs and value adjustments			Book values	
in € m.	**Balance at Jan 1, 2005**	Additions	Disposals	Cumulative	thereof current year	thereof disposals	**Balance at Dec 31, 2005**	Balance at Dec 31, 2004
Intangible assets	795	16	–	229	57	–	582	604
Tangible assets	2,108	139	278	1,319	198	263	650	702
land and buildings	49	2	3	13	2	1	35	35
office furniture and equipment	2,004	137	275	1,276	186	262	590	632
leased equipment	55	–	–	30	10	–	25	35
			Changes					
Participating interests			– 489				1,156	1,645
Shares in affiliated companies			+ 1,378				34,319	32,941
Equity shares and other variable-yield securities			+ 6				28	22

The option to combine financial investments pursuant to section 34 (3) RechKredV has been utilized. Exchange rate changes at foreign branches resulting from currency translation at closing rates have been recognized in acquisition/manufacturing costs (balance at January 1, 2005) and in cumulative depreciation/amortization, write-downs and value adjustments. Land and buildings with a total book value of € 15 million were used as part of our own activities.

Subordinated assets

Subordinated assets are reported as follows:

in € m.	**Dec 31, 2005**	Dec 31, 2004
Claims on banks	1,149	1,135
Claims on customers	410	399
Bonds and other fixed-income securities	739	990
Equity shares and other variable-yield securities	13	9

Intangible assets

The goodwill reported under intangible assets is amortized over its estimated useful life of between five and 15 years.

Sundry assets

Sundry assets primarily comprise positive fair values of € 398,481 million from derivative financial instruments held for trading purposes. They also include margin payments on swaps, checks, matured bonds and entitlements to tax rebates from the tax authorities.

Tax deferral

The deferred tax assets reported pursuant to section 274 (2) HGB decreased to € 1,276 million in 2005. They correspond to the probable tax benefit arising from the differences between commercial-law and tax-law gains and losses based on country-specific tax rates.

Sundry liabilities

Sundry liabilities primarily comprise negative fair values of € 410,707 million from derivative financial instruments held for trading purposes. Under this item we also report the value-at-risk adjustment, accrued but not yet matured interest on subordinated liabilities as well as translation adjustment losses.

Subordinated liabilities

There are no early-redemption obligations on the part of Deutsche Bank AG for subordinated liabilities. In the event of liquidation or insolvency, the claims and interest claims arising from these liabilities are subordinate to the non-subordinated claims of all creditors of Deutsche Bank AG. These conditions also apply to subordinated borrowings not specified individually.

Interest expenses for all subordinated liabilities totalled € 565 million. Accrued but not yet matured interest of € 263 million included in this figure is reported under sundry liabilities.

Material subordinated liabilities:

Currency	Amount	Issuer/type	Interest rate	Maturity
€	750,000,000	Deutsche Bank AG (taken over from Deutsche Bank Finance N.V., Curaçao/Netherlands Antilles, in 2005; formerly issue proceeds passed on to us)	5.38%	27.3.2012
€	1,100,000,000	Deutsche Bank AG bond of 2003	5.13%	31.1.2013
€	1,000,000,000	Deutsche Bank AG bond of 2004	3.88%	16.1.2014
€	750,000,000	Deutsche Bank AG bond of 2005	2.69%	22.9.2015
€	500,000,000	Deutsche Bank AG bond of 2004	2.78%	20.9.2016
€	500,000,000	Deutsche Bank AG bond of 2005	3.63%	9.3.2017
€	1,000,000,000	Deutsche Bank AG registered bond of 2003	5.33%	19.9.2023
€	300,000,000	Deutsche Bank AG registered bond of 2003	6.15%	2.12.2033
€	900,000,000	Deutsche Bank AG registered bond of 2005	6.00%	28.1.2035
€	300,000,000	Deutsche Bank AG registered bond of 2005	7.00%	27.6.2035
U.S.$	1,100,000,000	Deutsche Bank Financial Inc., Dover/U.S.A., issue proceeds passed on to us	6.70%	13.12.2006
U.S.$	318,000,000	DB Capital LLC I, Wilmington/U.S.A., issue proceeds passed on to us	4.02%	30.3.2009
U.S.$	550,000,000	Deutsche Bank Financial Inc., Dover/U.S.A., issue proceeds passed on to us	7.50%	25.4.2009
U.S.$	250,000,000	Deutsche Bank AG (taken over from Deutsche Bank Finance N.V., Curaçao/Netherlands Antilles, in 2005; formerly issue proceeds passed on to us)	4.56%	30.4.2009
U.S.$	650,000,000	DB Capital Funding LLC I, Wilmington/U.S.A., issue proceeds passed on to us	7.87%	30.6.2009
U.S.$	500,000,000	Deutsche Bank AG (taken over from Deutsche Bank Finance N.V., Curaçao/Netherlands Antilles, in 2005; formerly issue proceeds passed on to us)	5.02%	27.3.2012
U.S.$	800,000,000	Deutsche Bank Financial Inc., Dover/U.S.A., issue proceeds passed on to us	5.38%	2.3.2015
GBP	225,000,000	Deutsche Bank AG bond of 2004	5.25%	15.12.2015

Own shares

In the course of 2005, the bank and its affiliated companies bought 641,591,937 Deutsche Bank shares at prevailing market prices and sold 642,228,626 Deutsche Bank shares at prevailing market prices for trading purposes. The purchase of own shares was based on the authorizations given by the General Meetings on June 2, 2004 and May 18, 2005 pursuant to section 71 (1) number 7 of the German Joint Stock Corporation Act (AktG), whose restrictions were complied with for every share purchase and sale. The authorization given on June 2, 2004 expired once the authorization of May 18, 2005 became effective. The average purchase price was € 69.82 per share; the average selling price was € 69.79 per share. The resulting loss was reported under operating profit.

The bank's own shares bought and sold for trading purposes during 2005 corresponded to roughly 116% of its share capital. The largest holding on any one day was 1.72% and the average daily holding 0.05% of its share capital.

The bank was authorized by the General Meeting resolution of May 18, 2005 to purchase own shares amounting to up to 10 per cent of its share capital on or before October 31, 2006 pursuant to section 71 (1) number 8 of the German Joint Stock Corporation Act. Together with the bank's own shares - purchased for trading purposes or for other reasons - that are either in the company's possession or attributable to it at any one time pursuant to sections 71a ff. of the German Joint Stock Corporation Act, the shares purchased on the basis of this authorization must not at any time exceed 10 per cent of the company's share capital; compliance with these limits was monitored on a timely basis. The shares may be purchased either through the stock market or by means of a public offering to all shareholders. If the shares are purchased through the stock market, the price paid for them must not be more than 10 per cent above or more than 20 per cent below the average share price quoted (closing price quoted for Deutsche Bank shares in the Xetra trading system or in a similar successor system replacing the Xetra system on the Frankfurt Stock Exchange) on the last three trading days prior to the obligation to purchase the shares. If the shares are purchased through a public offering, the price paid for them must not be more than 10 per cent below or more than 15 per cent above the average share price quoted (closing price quoted for Deutsche Bank shares in the Xetra trading system or in a similar successor system replacing the Xetra system on the Frankfurt Stock Exchange) on the last three trading days prior to the date on which the offering is made public. If, when a public offering is made, the volume of shares offered exceeds the intended repurchase volume, acceptance of the offering must be proportionate to the volume of shares offered in each case. It is possible to allow preferential acceptance of small numbers of up to 50 shares per shareholder for the purchase of Deutsche Bank shares on offer.

The Management Board was authorized, with the consent of the Supervisory Board, to sell the purchased shares other than through the stock market or by means of an offering to all shareholders provided this is done against a contribution in kind, excluding shareholders' pre-emptive rights, for the purpose of acquiring companies or holdings in companies. Furthermore, the Management Board was authorized, when selling the bank's purchased own shares by means of an offering to all shareholders, to grant the holders of the warrants, convertible bonds and convertible profit-sharing rights issued by the bank, pre-emptive rights to the shares to the extent to which they would be entitled after having exercised the option or conversion right. Shareholders' pre-emptive rights are excluded for these cases and to this extent. The Management Board was also authorized to exclude shareholders' pre-emptive rights if the shares are to be issued as staff shares to employees and retired employees of the bank and of affiliated companies, or if they are to be used to fulfil option rights or purchase rights or purchase obligations related to shares of the bank granted to employees of the bank or of affiliated companies.

Furthermore, the Management Board was authorized to sell the shares to third parties against cash payment, excluding shareholders' pre-emptive rights, unless the purchase price of the shares is substantially lower than their market price at the time they are sold. This authorization may only be utilized if it is ensured that the number of shares sold as a result of this authorization together with shares issued from authorized capital, excluding shareholders' pre-emptive rights, pursuant to section 186 (3) sentence 4 of the German Joint Stock Corporation Act does not exceed 10 per cent of the company's share capital available at the time the shares are issued or sold.

The Management Board was also authorized to retire shares purchased as a result of this authorization without requiring any further resolution to be adopted by the General Meeting. The authorization for the bank to purchase its own shares, which was given by the General Meeting on June 2, 2004 and was valid until November 30, 2005, expired as soon as the authorization of May 18, 2005 came into effect.

At the end of 2005, Deutsche Bank AG held none of its own shares pursuant to section 71 (1) number 7 of the German Joint Stock Corporation Act. Its holdings pursuant to section 71 (1) number 8 of the German Joint Stock Corporation Act amounted to 48,787,224 shares, or 8.80% of its share capital. The bank's total holdings of its own shares at the balance sheet date required a reserve for these shares in the amount of their carrying value of € 3,354,502,761.76. On December 31, 2005, 1,456,812 (end of 2004: 2,508,186) Deutsche Bank shares, i.e. 0.26% (end of 2004: 0.46%) of our share capital, were pledged to the bank and its affiliated companies as security for loans.

Changes in subscribed, authorized and conditional capital

The bank's subscribed capital is divided into 554,535,270 registered no par value shares. This number increased by 10,681,024 in 2005 as a result of the shares issued to staff under stock option programs.

Excluding holdings of the bank's own shares, the number of shares outstanding at December 31, 2005 was 505,748,046 (end of 2004: 516,649,808); the average number of shares outstanding in the period ended December 31, 2005 was 516,817,869.

The Management Board adopted a resolution on January 24, 2006 to retire 40,000,000 of the own shares held in treasury. This was officially recorded in the Commercial Register on February 15, 2006.

The following table shows the changes in subscribed, authorized and conditional capital:

in €	Subscribed capital	Authorized capital	Authorized capital excl. shareholders' pre-emptive rights	Conditional capital (yet to be utilized)
Balance at Dec 31, 2004	**1,392,266,869.76**	**554,000,000.00**	**30,000,000.00**	**275,200,000.00**
Exercise of option rights issued to members of the Management Board and executives of Deutsche Bank AG and to members of the managements and executives of affiliated companies under the 2003 Global Partnership Plan	24,779,051.52			- 24,779,051.52
Exercise of option rights issued to employees of the Deutsche Bank Group under the 2002 Global Share Plan	2,564,369.92			- 2,564,369.92
Expiry of the possibility to issue further option rights under the 2003 Global Partnership Plan				- 45,501,040.64
Expiry of the possibility to issue further option rights under Global Share Plans				- 499,041.28
Expiry of option rights issued to members of the Management Board and executives of Deutsche Bank AG and to members of the managements and executives of affiliated companies under Global Partnership Plans				- 3,690,785.28
Expiry of option rights issued to employees of the Deutsche Bank Group under Global Share Plans				- 510,796.80
Expiry of the General Meeting resolution of June 9, 2000			- 30,000,000.00	
Balance at Dec 31, 2005	**1,419,610,291.20**	**554,000,000.00**	**0.00**	**197,654,914.56**

Authorizations given by the General Meeting

The General Meeting granted the Management Board the following authorizations to increase the share capital - with the consent of the Supervisory Board - through the issue of new shares as follows:

Authorized capital

- by up to a total of € 128,000,000 against cash payments or contributions in kind, on one or more occasions on or before April 30, 2006, with pre-emptive rights generally being granted to shareholders; however, pre-emptive rights can be excluded if a capital increase against contributions in kind was made for the purpose of acquiring companies or holdings in companies (General Meeting resolution of May 17, 2001);
- by up to a total of € 100,000,000 against cash payments, on one or more occasions on or before April 30, 2007; shareholders' general pre-emptive rights can be excluded unless the issue price of the new shares is substantially lower than the market price of the shares already listed at the time the issue price is fixed (General Meeting resolution of May 22, 2002);
- by up to a total of € 128,000,000 against cash payments or contributions in kind, on one or more occasions on or before April 30, 2008, with pre-emptive rights generally being granted to shareholders; however, pre-emptive rights can be excluded if a capital increase against contributions in kind was made for the purpose of acquiring companies or holdings in companies (General Meeting resolution of June 10, 2003);
- by up to a total of € 150,000,000 against cash payments, on one or more occasions on or before April 30, 2009, with pre-emptive rights generally being granted to shareholders (General Meeting resolution of June 2, 2004);

- by up to a total of € 48,000,000 against cash payments, on one or more occasions on or before April 30, 2009; shareholders' general pre-emptive rights can be excluded unless the issue price of the new shares is substantially lower than the market price of the shares already listed at the time the issue price is fixed (General Meeting resolution of June 2, 2004).

In all cases, pre-emptive rights may be excluded for broken amounts and to grant pre-emptive rights to holders of issued warrants, convertible bonds and convertible profit-sharing rights.

Conditional capital

- The Management Board was allowed, as a result of the authorization of May 17, 2001 and with the consent of the Supervisory Board, to issue up to 12,000,000 option rights on Deutsche Bank shares to employees of the Deutsche Bank Group on or before December 31, 2003. Their issue price, performance target and exercise periods were the same as those for the issue of option rights to executives. The conditional capital amounted to € 10,000,000. Option rights on shares amounting to € 6,425,792 had not yet been exercised under this authorization at December 31, 2005.

The Management Board was authorized, with the consent of the Supervisory Board, to issue option rights on shares of Deutsche Bank AG to members of the Management Board and executives of Deutsche Bank AG and to members of the managements and executives of affiliated companies. The authorizations contain the following conditions:

- General Meeting resolution of May 17, 2001: issue of up to 20,000,000 option rights on or before May 10, 2003; granted in two annual tranches, neither of which must exceed 70% of the total volume (conditional capital of € 51,200,000);
- General Meeting resolution of May 22, 2002: issue of up to 25,000,000 option rights on or before May 20, 2005; granted in annual tranches, none of which must exceed 60% of the total volume (conditional capital of € 64,000,000); € 45,501,040.64 of this amount expired during the period ended December 31, 2005.

Option rights on shares amounting to € 41,229,122.56 had not yet been exercised under these authorizations at December 31, 2005.

Each option right entitles the holder, against payment of the issue price, to purchase one no par value share of Deutsche Bank AG. If the option is exercised, the issue price of one share represents its exercise price plus a premium of 20%. The exercise price corresponds to the average closing price quoted for Deutsche Bank shares in the Xetra trading system on the Frankfurt Stock Exchange over the last 10 trading days prior to the date on which the option rights are issued. The exercise of option rights is subject to the waiting period for their first-time exercise and exercise periods.

The conditional capital is increased only to the extent that the holders of issued option rights exercise their pre-emptive rights and that the bank does not fulfil the option rights by transferring ownership of its own shares or by making a cash payment.

The Management Board was authorized by the General Meeting on June 2, 2004 to issue bearer or registered participatory certificates on one or more occasions on or before April 30, 2009 and, instead of or in addition to participatory certificates, to issue bonds with warrants and/or convertible bonds for a term of up to 20 years on one or more occasions. Bearer warrants may be attached to the participatory certificates, or they may be linked to a conversion right for the bearer. The holders of bonds with warrants and the holders of convertible bonds may be granted option rights and conversion rights respectively to new shares of Deutsche Bank AG subject to the conditions of bonds with warrants and convertible bonds. The total amount of participatory certificates, bonds with warrants, and convertible bonds issued under this authorization must not exceed € 6,000,000,000 in total (conditional capital of € 150,000,000).

The conditional capital is increased only to the extent that these rights are exercised or that the bondholders obliged to exercise their conversion rights meet their conversion obligations.

Changes in capital and reserves

in € m.		
Balance at Dec 31, 2004		**17,574**
Distribution in 2005		– 869
Profit carried forward		– 56
Capital increase through exercise of options		
– increase in subscribed capital	28	
– allocation to capital reserve	488	516
Revenue reserves		
– allocation to reserve for own shares	1,741	
– allocation to other revenue reserves	701	2,442
Distributable profit for 2005		1,286
Balance at Dec 31, 2005		**20,893**

Regulatory capital and reserves pursuant to the German Banking Act totalled € 32.2 billion.

Reserves within the meaning of section 10 (2b) sentence 1 number 7 of the German Banking Act, which form part of regulatory capital and reserves, amounted to € 14 million for Deutsche Bank AG and € 1,084 million for the Deutsche Bank Group.

Contingent liabilities

Liabilities from guarantees and indemnity agreements, as reported on the balance sheet, are broken down as follows:

in € m.	**Dec 31, 2005**	Dec 31, 2004
Guarantees	20,528	17,196
Letters of credit	3,354	2,934
Credit liabilities	12,852	10,381

Other obligations

The irrevocable credit commitments shown on the balance sheet (€ 104,017 million) include commitments of € 94,724 million for loans and discounts in favor of non-banks.

Sundry obligations

Payment obligations under rental agreements and leases amount to € 1,478 million with residual maturities of up to 18 years. These obligations include € 440 million owed to affiliated companies. There are also further obligations of € 2.9 billion to purchase goods and services largely resulting from outsourcing projects.

Liabilities for possible calls on not fully paid-up shares in public and private limited companies and other shares amounted to € 70 million at the end of 2005. Joint liabilities pursuant to section 24 of the German Private Limited Companies Act (GmbHG) amounted to € 20 million. Where other joint liabilities exist, the credit standing of the co-shareholders is impeccable in all cases.

In connection with our participating interest in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, there is an obligation to pay further capital of up to € 70 million and a pro rata contingent liability to fulfil the capital obligations of other shareholders belonging to Bundesverband deutscher Banken e.V., Berlin.

Liabilities for possible calls on other shares totalled € 13 million at December 31, 2005.

Pursuant to section 5 (10) of the Statute of the Deposit Guarantee Fund we have undertaken to indemnify Bundesverband deutscher Banken e.V., Berlin, for any losses incurred through measures taken in favor of banks majority-held or controlled by Deutsche Bank.

Pursuant to section 3 (1a) of the Statute of the Deposit Guarantee Fund for Banks' Building and Loan Associations, Deutsche Bank AG has also undertaken to indemnify Fachverband für Bank-Bausparkassen e.V. for any losses incurred through measures taken in favor of Deutsche Bank Bauspar AG, Frankfurt am Main.

As part of the business activities of our foreign branches, collateral security of € 1.3 billion was required by statutory regulations.

Obligations arising from transactions on futures and options exchanges and toward clearing houses for which securities were pledged as collateral amounted to € 1.4 billion at December 31, 2005.

There are contingent liabilities totalling € 53 million in connection with the resale of the trading company Klöckner & Co. AG, Duisburg.

Furthermore, there remain other obligations totalling € 197 million arising from third-party put options.

Declaration of backing[1]

Deutsche Bank AG ensures, except in the case of political risk, that the following companies are able to meet their contractual liabilities:

DB Investments (GB) Limited, London

Deutsche Asset Management International GmbH, Frankfurt am Main

Deutsche Asset Management Investmentgesellschaft mbH
vormals DEGEF Deutsche Gesellschaft für Fondsverwaltung mbH,
Frankfurt am Main

Deutsche Australia Limited, Sydney

Deutsche Bank Americas Holding Corp., New York/USA

Deutsche Bank Luxembourg S.A., Luxembourg

Deutsche Bank (Malaysia) Berhad, Kuala Lumpur

Deutsche Bank Polska S.A., Warsaw

Deutsche Bank (Portugal), S.A., Lisbon

Deutsche Bank Rt., Budapest

Deutsche Bank S.A., Buenos Aires

Deutsche Bank S.A. – Banco Alemão, São Paulo

Deutsche Bank S.A./N.V., Brussels

Deutsche Bank, Sociedad Anónima Española, Barcelona

Deutsche Bank Società per Azioni, Milan

Deutsche Bank (Suisse) S.A., Geneva

Deutsche Futures Singapore Pte Ltd., Singapore

Deutsche Morgan Grenfell Group plc, London

Deutsche Securities Asia Limited, Hong Kong

Deutsche Securities Limited, Hong Kong

DWS Holding & Service GmbH, Frankfurt am Main

DWS Investment GmbH, Frankfurt am Main

DWS Investment S.A., Luxembourg

OOO Deutsche Bank, Moscow

Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Hamburg

[1] Companies with which a profit and loss transfer agreement exists are marked in the List of Shareholdings.

Maturity structure of claims

in € m.	**Dec 31, 2005**	Dec 31, 2004
Other claims on banks	**113,311**	**82,029**
with a residual period of		
up to three months	72,428	47,778
more than three months and up to one year	27,496	24,833
more than one year and up to five years	9,924	7,495
more than five years	3,463	1,923
Claims on customers	**457,316**	**317,167**
with a residual period of		
up to three months	348,103	231,257
more than three months and up to one year	36,835	30,521
more than one year and up to five years	48,792	34,032
more than five years	23,130	20,598
with an indefinite period	456	759

Of the bonds and other fixed-income securities of € 188,866 million, € 25,598 million mature in 2006.

Maturity structure of liabilities

in € m.	**Dec 31, 2005**	Dec 31, 2004
Liabilities to banks with agreed period or notice period	**190,359**	**156,189**
with a residual period of		
up to three months	149,181	111,706
more than three months and up to one year	14,499	15,705
more than one year and up to five years	15,524	20,495
more than five years	11,155	8,283
Savings deposits with agreed notice period of more than three months	**749**	**832**
with a residual period of		
up to three months	339	354
more than three months and up to one year	242	284
more than one year and up to five years	165	190
more than five years	3	4
Other liabilities to customers with agreed period or notice period	**210,927**	**172,004**
with a residual period of		
up to three months	143,453	117,495
more than three months and up to one year	19,646	11,869
more than one year and up to five years	35,034	29,544
more than five years	12,794	13,096
Other liabilities in certificate form	**92,787**	**54,522**
with a residual period of		
up to three months	25,999	13,115
more than three months and up to one year	21,771	10,685
more than one year and up to five years	26,911	27,318
more than five years	18,106	3,404

Of the bonds and notes issued of € 21,069 million, € 5,194 million mature in 2006.

Prepaid expenses and deferred income

The prepaid expenses of € 1,389 million include a balance of € 908 million pursuant to section 250 (3) HGB. The deferred income of € 543 million contains € 65 million in balances pursuant to section 340e (2) HGB.

Trust business

	Assets held in trust			Liabilities held in trust	
in € m.	**Dec 31, 2005**	Dec 31, 2004	in € m.	**Dec 31, 2005**	Dec 31, 2004
Claims on banks	342	1,935	Liabilities to banks	5	9
Claims on customers	534	456	Liabilities to customers	936	2,448
Equity shares and other variable-yield securities	50	52			
Participating interests	15	14			
Total	**941**	**2,457**	**Total**	**941**	**2,457**

Information on affiliated, associated and related companies

	Affiliated companies		Associated and related companies	
in € m.	**Dec 31, 2005**	Dec 31, 2004	**Dec 31, 2005**	Dec 31, 2004
Claims on banks	55,660	47,897	707	389
Claims on customers	224,593	183,670	301	759
Bonds and other fixed-income securities	1,388	1,341	876	1,070
Positive fair value of derivatives held for trading purposes (incl. in sundry assets)	12,803	–	–	–
Liabilities to banks	85,274	91,062	190	751
Liabilities to customers	120,112	116,038	665	872
Liabilities in certificate form	1,241	521	–	–
Subordinated liabilities	5,662	5,769	–	–
Negative fair value of derivatives held for trading purposes (incl. in sundry liabilities)	8,336	–	–	–

Shareholdings

The complete list of our shareholdings is filed with the Commercial Register in Frankfurt am Main. It can be obtained free of charge from Deutsche Bank AG, Frankfurt am Main.

Assets pledged as collateral

Assets in the stated amounts were pledged as collateral for the liabilities shown below:

in € m.	**Dec 31, 2005**	Dec 31, 2004
Liabilities to banks	19,742	14,142
Liabilities to customers	677	395

Transactions subject to sale and repurchase agreements

The book value of assets reported on the balance sheet and sold subject to a repurchase agreement in the amount of € 106,218 million related exclusively to securities sold under repo agreements.

Foreign currencies

The total amount of assets denominated in foreign currency was the equivalent of € 817,008 million at the balance sheet date; the total value of liabilities was the equivalent of € 784,092 million.

Forward transactions

Forward transactions outstanding at the balance sheet date consisted mainly of the following types of business:

- interest rate-linked transactions
  forward deals linked to debt instruments, forward rate agreements, interest rate swaps, interest futures, option rights in certificate form, option deals and option contracts linked to interest rates and indices;
- exchange rate-linked transactions
  foreign exchange and precious metal forwards, cross-currency swaps, option rights in certificate form, option deals and option contracts linked to foreign exchange and precious metals, foreign exchange and precious metal futures;
- other transactions
  equity forwards and futures, index futures, option rights in certificate form, option deals and option contracts linked to equities and indices.

The above types of transaction are concluded almost exclusively to hedge interest rate, exchange rate and market price fluctuations in trading activities.

Fair value of derivatives

in € m.	Notional amount	Positive fair value	Negative fair value
OTC products			
interest rate-linked transactions	23,413,980	258,745	– 262,282
exchange rate-linked transactions	3,268,519	46,003	– 46,654
equity- and index-linked transactions	688,941	34,976	– 41,259
credit derivatives	2,021,979	23,368	–26,069
other transactions	308,610	27,758	– 25,623
Exchange-traded products			
interest rate-linked transactions[1]	105,250	0	0
exchange rate-linked transactions[1]	4	0	0
equity- and index-linked transactions	215,582	9,191	–10,213
other transactions	304	7	– 51
Total	**30,023,169**	**400,048**	**– 412,151**

[1] Because cash settlements are paid on a daily basis, the fair values of interest rate- and exchange rate-linked transactions are zero or virtually zero.

The positive fair values of € 400,048 million and the negative fair values of € 412,151 million comprise trading derivatives and derivatives held for hedging purposes. The positive and negative fair values of trading derivatives are reported under sundry assets and sundry liabilities.

Notes to the income statement

Income by geographical market

The total amount of interest income, of current income from equity shares and other variable-yield securities, participating interests and shares in affiliated companies, of commission income, of net income from financial transactions and of other operating income is spread across various regions as shown by the following breakdown pursuant to section 34 (2) RechKredV:

in € m.	2005	2004
Germany	13,143	10,860
Europe excl. Germany	23,739	10,695
Americas	6,299	2,075
Africa / Asia / Australia	2,997	2,186
Total	**46,178**	**25,816**

Net income from financial transactions

Net income from financial transactions comes to € 10,097 million for the 2005 financial year; the majority of this amount (€ 6.6 billion) was attributable to the cumulative effect of changing the valuation method relating to years up to 2004.

Administrative and agency services provided for third parties

The following administrative and agency services were provided for third parties: custody services; referral of mortgages, insurance policies and housing finance contracts; administration of assets held in trust, and asset management.

Other administrative expenses

The table below gives a breakdown of the fees charged by our auditors for the 2005 financial year:

Category in € m.	2005
Audit fees	12
Fees for audit-related services	3
Fees for tax advice	1
Total	**16**

Other operating income

At € 137 million, other operating income consists mainly of € 25 million in realized foreign exchange gains on the transfer of profits and losses of branches outside Germany, € 39 million from the sale of loans and € 7 million from leasing.

Other operating expenses

Other operating expenses of € 977 million include € 390 million in litigation costs, the allocation of € 153 million to provisions for guarantees, € 76 million from the sale of loans, € 60 million for operational risks, € 55 million in direct and indirect compensation paid in connection with the grundbesitz-invest open-ended real-estate fund, € 51 million for insurance premiums, and € 42 million in currency translation adjustments on capital allocated to branches outside Germany (including gains and losses carried forward).

Extraordinary expenses and extraordinary income

The extraordinary expenses of € 293 million relate to restructuring costs in connection with the Business Realignment Program. The extraordinary income of € 40 million relates to the release of restructuring provisions accrued in 2004.

Other information

Management Board and Supervisory Board

In 2005, the total remuneration paid to the Management Board came to € 28,716,908.69, € 24,560,000 of which represented variable forms of compensation.

Former members of the Management Board of Deutsche Bank AG or their surviving dependants received € 17,318,338.74. In addition to a fixed payment of € 1,124,620 (including VAT), the Supervisory Board received dividend-related remuneration totalling € 1,485,670.

Provisions for pension obligations to former members of the Management Board or their surviving dependants totalled € 191,854,101.

At the end of 2005, loans and advances granted and contingent liabilities assumed for members of the Management Board amounted to € 885,200 and for members of the Supervisory Board of Deutsche Bank AG to € 427,300.

The members of the Management Board and the Supervisory Board are listed on pages 34 and 35.

The List of Mandates mentions all directorships held in Germany and abroad and is filed with the Commercial Register in Frankfurt am Main. Both the List of Mandates and the Corporate Governance Report can be obtained free of charge from Deutsche Bank AG, Frankfurt am Main.

Employees

The average number of full-time equivalent staff employed during the year under review was 25,927 (2004: 26,732), 9,911 of whom were women. Part-time employees are included proportionately in these figures. An average of 13,274 (2004: 13,409) staff members worked at branches outside Germany.

Corporate governance

The bank has issued and made available to its shareholders the declaration prescribed by section 161 AktG.

Frankfurt am Main, March 8, 2006

Deutsche Bank Aktiengesellschaft
The Management Board

Josef Ackermann

Clemens Börsig

Tessen von Heydebreck

Hermann-Josef Lamberti

Independent Auditors' Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Deutsche Bank AG for the business year from January 1, 2005 to December 31, 2005. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB (Handelsgesetzbuch; German Commercial Code) and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (German Institute of Auditors). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system relating to the accounting system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Deutsche Bank AG in accordance with principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, March 9, 2006

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Nonnenmacher	Becker
Wirtschaftsprüfer	Wirtschaftsprüfer

Management Board

Josef Ackermann
Chairman

Clemens Börsig

Tessen von Heydebreck

Hermann-Josef Lamberti

Supervisory Board

Dr. Rolf-E. Breuer
– Chairman,
Frankfurt am Main

Heidrun Förster*
– Deputy Chairperson,
Deutsche Bank Privat- und
Geschäftskunden AG,
Berlin

Dr. rer. oec.
Karl-Hermann Baumann
Munich
(until May 18, 2005)

Dr. Karl-Gerhard Eick
Deputy Chairman of the Board
of Management of
Deutsche Telekom AG,
Cologne

Klaus Funk*
Deutsche Bank Privat- und
Geschäftskunden AG,
Frankfurt am Main
(until February 1, 2006)

Ulrich Hartmann
Chairman of the Supervisory
Board of E.ON AG,
Düsseldorf

Sabine Horn*
Deutsche Bank AG,
Frankfurt am Main

Rolf Hunck*
Deutsche Bank AG,
Hamburg

Sir Peter Job
London

Prof. Dr.
Henning Kagermann
Chairman and CEO of SAP AG,
Walldorf/Baden

Ulrich Kaufmann*
Deutsche Bank AG, Düsseldorf

Peter Kazmierczak*
Deutsche Bank AG,
Essen
(from February 1, 2006)

Prof. Dr. Paul Kirchhof
University professor,
Ruprecht-Karls-University
Heidelberg,
Heidelberg

Henriette Mark*
Deutsche Bank AG,
Munich

Margret Mönig-Raane*
Vice President of ver.di
Vereinte Dienstleistungs-
gewerkschaft,
Berlin

Prof. Dr. jur. Dr.-Ing. E.h.
Heinrich von Pierer
Chairman of the Supervisory
Board of Siemens AG,
Erlangen
(from May 18, 2005)

Gabriele Platscher*
Deutsche Bank Privat- und
Geschäftskunden AG,
Braunschweig

Karin Ruck*
Deutsche Bank AG,
Bad Soden am Taunus

Tilman Todenhöfer
Managing Partner of Robert
Bosch Industrietreuhand KG,
Stuttgart

Dipl.-Ing. Dr.-Ing. E. h.
Jürgen Weber
Chairman of the
Supervisory Board of
Deutsche Lufthansa AG,
Hamburg

Dipl.-Ing. Albrecht Woeste
Chairman of the Supervisory
Board and Shareholders'
Committee of Henkel KGaA,
Düsseldorf

Leo Wunderlich*
Deutsche Bank AG,
Mannheim

* elected by the employees

Committees

Chairman's Committee

Dr. Rolf-E. Breuer
– Chairman
Heidrun Förster*
Ulrich Hartmann
Ulrich Kaufmann*

Mediation Committee

Dr. Rolf-E. Breuer
– Chairman
Heidrun Förster*
Ulrich Hartmann
Henriette Mark*

Audit Committee

Dr. Karl-Gerhard Eick
– Chairman from May 18, 2005
Dr. rer. oec
Karl-Hermann Baumann
– Chairman
(until May 18, 2005)
Dr. Rolf-E. Breuer
Heidrun Förster*
Sabine Horn*
Rolf Hunck*
Sir Peter Job
(from May 18, 2005)

Risk Committee

Dr. Rolf-E. Breuer
– Chairman
Dr. rer. oec.
Karl-Hermann Baumann
(until May 18, 2005)
Sir Peter Job
Prof. Dr. Henning Kagermann
Ulrich Hartmann
– Substitute Member
(until May 18, 2005)
Prof. Dr. jur. Dr.-Ing. E.h.
Heinrich von Pierer
– Substitute Member
(from May 18, 2005)
Tilmann Todenhöfer
– Substitute Member
(from May 18, 2005)

* elected by the employees

Advisory Board

Werner Wenning
– Chairman
Chairman of the Board
of Managing Directors of
Bayer AG, Leverkusen

Dr. Kurt Bock
Member of the Group Board
BASF Aktiengesellschaft,
Ludwigshafen

Carl L. von Boehm-Bezing
Frankfurt am Main

Dr. Karl-Ludwig Kley
Member of the Executive Board
of Deutsche Lufthansa AG,
Cologne

Francis Mer
Bourg-la-Reine

Alexey A. Mordashov
Chairman of the Board
of Directors, Severstal;
Director General, Company
Severstal-Group, Cherepovets
(from February 13, 2006)

Dr. h. c. August Oetker
General Partner of
Dr. August Oetker KG, Bielefeld

Eckhard Pfeiffer
Houston

Dr. Bernd Pischetsrieder
Chairman of the Board of
Management of
Volkswagen AG, Wolfsburg

Dr. Wolfgang Reitzle
President and CEO of
Linde AG, Wiesbaden

Dr. rer. pol. Michael Rogowski
Chairman of the Supervisory
Board of J. M. Voith AG,
Heidenheim

Håkan Samuelsson
President and CEO. of
MAN Aktiengesellschaft,
Munich
(from January 1, 2006)

Maria-Elisabeth Schaeffler
Partner and Chairman of the
Supervisory Board of
INA-Holding Schaeffler KG,
Herzogenaurach
(from May 18, 2005)

Dr. Ronaldo H. Schmitz
Frankfurt am Main
(until May 18, 2005)

Prof. Jürgen E. Schrempp
Munich
(until July 29, 2005)

Dr. Cezary Stypulkowski
President and CEO of PZU SA,
Warsaw
(from January 1, 2006)

Jürgen R. Thumann
President, BDI – Federation of
German Industries,
Chairman of the
Shareholders' Committee
Heitkamp & Thumann KG,
Düsseldorf
(from May 18, 2005)

Dr. Dieter Zetsche
Chairman of the Board of
Management and Head of
Mercedes Car Group of
DaimlerChrysler AG, Stuttgart
(from October 1, 2005)