Navigating through difficult waters
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Merrill Lynch Wholesale Banking Risk Seminar
London, 12 September 2007
Sub-prime mortgage woes unfold in three phases
Concerns have moved beyond sub-prime, causing wider market dislocation

Phase 1: Market sees sub-prime problem as largely contained, concerns over related markets grow slowly
Phase 2: Knock-on effects on leveraged loans. Credit spreads rise sharply
Phase 3: Spill over into money markets, equities

*DJ NA CDX S8 5Y XO* spread, bp (left)
VIX implied volatility index S&P 500, % (right)

Leveraged loan worries emerge
S&P MBS rating warning
S&P500 record high
Bear Stearns letter to Hedge Fund investors
Bear Stearns Hedge Fund rescue attempt
Countrywide Financial warning

Sources: Bloomberg, DB Global Markets

*Note: Dow Jones North America CDX Crossover, 5-year, series 8 (index of CDS credit derivatives on 35 companies rated at the threshold of investment and speculative grade)*
Crisis started in sub-prime and leveraged loan markets…
Significant, but limited credit losses started to affect other credit markets

Phase 1: Sub-prime & growing contagion fears
- Various estimates put credit losses related to sub-prime exposures at USD 100-150bn
- As such not big enough to cause large market dislocations as risk is widely distributed…
- …but risk aversion rose due to low transparency on risk dispersal and rating agency actions
- Investors also began to worry over markets with similar characteristics (e.g. LBO/leveraged loans)

Phase 2: Leveraged loan markets and LBOs
- Amid record supply of new LBO deals, investors pushed back on aggressive structures and pricing
- CDO/CLO issuance slowdown negatively affects private equity/buyouts
- Concerns over M&A/LBO slowdown and banks’ potential losses on leveraged loan commitments undermine equity markets
- Re-pricing of credit risk forces wider de-leveraging of investor portfolios

Sub-prime share is small but Alt-A may be affected too

Total outstanding: approx. USD 10 tr

Prime fixed 59%
Subprime fixed 4%
Subprime adjustable 10%
Alt-A fixed 4%
Alt-A adjustable 7%
Prime adjustable 16%

Source: MBA, DB

LBO leverage increasingly aggressive pre-correction

Average Debt Multiples of Large Corporate LBO Loans

Source: S&P LCD
...and spread over into money markets

Extreme risk aversion hits money markets, spurring central banks to provide liquidity

Phase 3: IKB marks watershed

- IKB proved to be a watershed event on large losses related to an off-balance-sheet conduit
- ABCP conduits, a USD 1.2tr market in US alone, come under investor scrutiny
- Inability to roll CP may cause back-up lines to be drawn
- Market realizes that assets may come on banks’ balance sheets resulting in funding uncertainty for banks
- Concern over degree of banks’ commitments to back-stop facilities strains interbank market
- Central banks forced to inject liquidity, Fed cuts discount rate by 50bps
- Sharp dislocations in key markets

ABCPR outstanding and recent spread increases

<table>
<thead>
<tr>
<th>Source: Federal Reserve</th>
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<tbody>
<tr>
<td>Jan-07</td>
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<tr>
<td>Asset-backed commercial paper outstanding, USD bn (left)</td>
</tr>
<tr>
<td>90-days AA Asset-backed commercial paper interest rate, % (right)</td>
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<tr>
<td>90-days AA financial CP interest rate, % (right)</td>
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Term funding problems causes widening spread

<table>
<thead>
<tr>
<th>Source: DB</th>
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<tr>
<td>Jan 07</td>
</tr>
<tr>
<td>3M Euribor - 3M EONIA swap rate, bp</td>
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Markets experience extraordinary volatility

<table>
<thead>
<tr>
<th>Source:</th>
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<tr>
<td>Mar-07</td>
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<tr>
<td>20 days volatility on 1M T-bills, ln % (LHS)</td>
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<tr>
<td>20 days volatility on 3M T-bills, ln % (LHS)</td>
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<tr>
<td>20 days relative volatility ITRAXX (RHS)</td>
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<td>20 days relative volatility CDX (RHS)</td>
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Sub-prime risks are manageable

Sub-prime crisis is manageable …

<table>
<thead>
<tr>
<th>Outstanding volume (in USD tn)</th>
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<tbody>
<tr>
<td>US sub-prime mortgages</td>
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<tr>
<td>US asset-backed CP (1)</td>
</tr>
<tr>
<td>CDOs (global)</td>
</tr>
<tr>
<td>US MBS</td>
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<tr>
<td>US residential mortgages</td>
</tr>
<tr>
<td>~1.2</td>
</tr>
<tr>
<td>~1.0</td>
</tr>
<tr>
<td>~1.5</td>
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<tr>
<td>~7</td>
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<tr>
<td>~10</td>
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… in context of the major capital markets

<table>
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<tr>
<th>Capitalisation (in USD tn)(2)</th>
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<tr>
<td>Quoted shares (3)</td>
</tr>
<tr>
<td>Debt securities (4)</td>
</tr>
<tr>
<td>Total capitalisation (5)</td>
</tr>
<tr>
<td>~50</td>
</tr>
<tr>
<td>~85</td>
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<tr>
<td>~35</td>
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</tbody>
</table>

(1) As of 22 Aug 2007  (2) EU 25, Japan, USA; data as of 31 Dec 2006; all values translated at year-end FX rates  (3) Total outstanding amount of quoted shares at market value  (4) In nominal value; outstanding volume as of 31 Dec 2005  (5) Excluding derivatives

Source: ECB, Federal Reserve, Deutsche Bank
### Deutsche Bank exposures

#### US sub-prime
- DB is not exposed to further deterioration in US sub-prime mortgages across its books
- Exposure to US mortgage originators tightly managed and largely hedged

#### ABCP conduits
- Total assets in DB-sponsored conduits of EUR 32 bn
- Substantially all of which consolidated on balance sheet
- The purpose of DB-sponsored conduits is to provide clients and the bank with cheaper funding
- DB-sponsored conduits include assets sourced by DB such as credit card receivables, auto loans/student loans, mortgages, and mortgage backed securities
- CP investors in DB-sponsored conduits have no exposure to US sub-prime

#### Hedge funds
- High priority client segment
- DB does not lend unsecured to hedge funds
- Exposures are fully collateralized, margin calls are being met
- Types of acceptable collateral governed by strict policies
- Net exposure is marked to market and collateral is called on a daily basis

#### Leveraged Finance
- Pipeline of sponsor loans: EUR 29 bn
- In addition: equity bridges of EUR 750 m
- High credit quality of pipeline
A good risk management framework needs more than one metric to assess the risks – being bi- or tri-focal is best!

Example
Market risk managers use two or three metrics to view most risk positions

Understanding the risks inherent in particular products and developing sensitivities for the particular risk factors used in the product valuation. E.g.
- PV01’s - interest rate risk
- delta (including notional), vega, gamma, theta
- CS01’s and net default exposure
- basis risk - swaps versus treasuries etc.

Developing a measure of the potential change in the portfolio value for a given confidence interval and specified time-horizon.

Developing customized stress test scenarios for potential extreme market movements with resulting change in portfolio values to examine the “tail” risk in the portfolio.

Developing comprehensive scenarios for trading positions within specific countries in the case of a major event, allowing aggregation of P&L impact over different products and maturities.

Stress test measures are used for calculation of Economic Capital requirements for market risk.
Stable unsecured funding base due to broad diversification
Capital market issues are well diversified

Total unsecured funding EUR 511bn

As of 30 June 2007, in EUR bn

<table>
<thead>
<tr>
<th>Source of funding</th>
<th>Amount (bn)</th>
<th>% of total</th>
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<tbody>
<tr>
<td>Retail deposits</td>
<td>119</td>
<td>23%</td>
</tr>
<tr>
<td>Capital markets</td>
<td>86</td>
<td>17%</td>
</tr>
<tr>
<td>Fiduciary deposits</td>
<td>17</td>
<td>3%</td>
</tr>
<tr>
<td>Small / Mid Cap</td>
<td>10</td>
<td>2%</td>
</tr>
<tr>
<td>Other non-bank deposits</td>
<td>107</td>
<td>21%</td>
</tr>
<tr>
<td>Institutional clearing balances</td>
<td>19</td>
<td>4%</td>
</tr>
<tr>
<td>CD-CP</td>
<td>59</td>
<td>11%</td>
</tr>
<tr>
<td>Central bank deposits</td>
<td>33</td>
<td>6%</td>
</tr>
<tr>
<td>Bank deposits</td>
<td>61</td>
<td>12%</td>
</tr>
</tbody>
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→ Use of wholesale short-term liquidity limited to funding of liquid assets

Capital market issues*: Distribution by type

- Capital instruments: 16% (Plain vanilla: 44%, Senior structured: 40%)
- Others: 17%

Capital market issues*: Distribution by currency

- EUR: 45%
- USD: 38%
- Others: 17%

* Total outstanding of EUR 86 bn, which includes all debt evidenced by paper, with original maturity greater than 1 yr, as per 2Q2007
Conditions for market confidence to return

- Increased transparency on losses
  - Upcoming reporting seasons will bring some clarity
  - More proactive approach would be desirable
- Restoration of trust in ratings
- Central bank must continue to provide liquidity until market confidence returns
- Return to prudent risk and liquidity management
  - Healthy risk/reward-relationship to be re-established
- Leveraged loan markets
  - Current pipeline needs to be worked through and reduced
  - Renegotiation of deals
Cautionary statements

This presentation also contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our trading revenues, potential defaults of borrowers or trading counterparties, the implementation of our management agenda, the reliability of our risk management policies, procedures and methods, and other risks referenced in our filings with the U.S. Securities and Exchange Commission. Such factors are described in detail in our SEC Form 20-F of 27 March 2007 on pages 9 through 15 under the heading "Risk Factors." Copies of this document are readily available upon request or can be downloaded from www.deutsche-bank.com/ir.